



September 29, 2017

To whom it may concern:

Hitachi Capital Corporation
President & CEO Seiji Kawabe
(Securities Code: 8586)
(Listed Exchange: Tokyo Stock Exchange)

Announcement of Shift to an Intermediate Holding Company System and Statuses Change to Sub-Subsidiaries toward Enhancement of Financial Management Functions in China

Hitachi Capital Corporation (President & CEO: Seiji Kawabe, “Hitachi Capital”) today announced that the Board of Directors resolved at the meeting held today to transfer all shares held by Hitachi Capital of Hitachi Capital (Hong Kong) Ltd. (Managing Director: Masashi Takeda, “HCHK”), Hitachi Capital Leasing (China) Co., Ltd. (Chairman: Ryoji Satoh, “HCL”) and Hitachi Capital Factoring (China) Co., Ltd. (Chairman: Ryoji Satoh, “HCF”) to its Hong Kong subsidiary Hitachi Capital Management (China) Ltd. (Managing Director: Masashi Takeda, “HCMC”), and make HCMC an intermediate holding company in Hong Kong (“Reorganization”), with an aim to enhance the financial management functions including funding and investments in China business (Regional Manager in China: Ryoji Satoh, Executive Officer of Hitachi Capital).

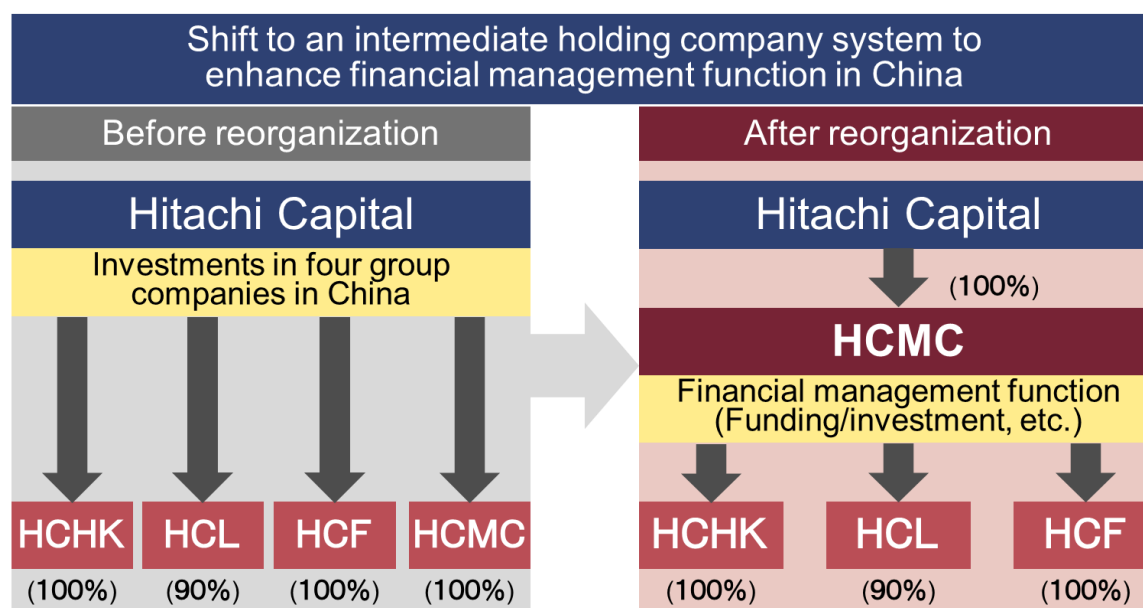
Hitachi Capital also announced that the statuses of its three subsidiaries, HCHK, HCL, and HCF are to be changed to sub-subsidiaries of Hitachi Capital as a result of the Reorganization.

As the Chinese economy enters a “New Normal” phase, featuring a shift from high-speed growth to stable growth, the Chinese government has announced several next generation policies for China’s sustainable growth such as “One Belt, One Road” referring to a broad economic zone initiative connecting China and Europe, and a major economic zone initiative “Guangdong-Hong Kong-Macao Greater Bay Area” to be achieved through enhanced economic cooperation between these regions. Hong Kong has continued to develop mainly as a stopping point for trading and financial transactions from overseas to mainland China, and an increasing number of companies have established their regional headquarters (RHQ) of China region in Hong Kong, having a very strong position as an international financial centre even twenty years after the handover to China from the U.K.

Although Hitachi Capital has aimed for the business expansion in Hong Kong and Mainland China corresponding to respective social and economic environment, “FY2016-FY2018 Mid-Term Management Plan” positions Hong Kong as a financial gateway for China business and aims to expand business in the region by promoting strategic alliance in Mainland China. As part of the efforts, we established HCMC in Hong Kong in June 2016 to engage in funding and investments in Mainland China.

Hitachi Capital decided to make HCMC an intermediate holding company by around November 2017 to further enhance its corporate treasury centre function in China. We will proceed with the procedures related to the share transfer in accordance with the Chinese law. The Reorganization will accelerate the decision-making process in China, allowing us to execute flexible funding and investments in infrastructure projects and further enhance financial arrangement. In China, we have invested in three local government-affiliated leasing companies in Nanjing, Jiangsu and Xian, Shaanxi, etc. and funds for hospitals. We participate in the urban railway leasing business through the establishment of a joint venture with a local partner in Qingdao, Shandong, and also in hospital management through investments in funds in Zibo, Shandong. And we will continue to contribute to the country’s sustainable development and improvement of the quality of life through business expansion corresponding to China’s social and economic environment.

■ Scheme of the Reorganization (the figures in parenthesis are investment ratio)



■ Outline of HCMC

(1) Name	Hitachi Capital Management (China) Ltd.	
(2) Location	12th Floor, Wai Fung Plaza, 664 Nathan Road, Mongkok, Kowloon, Hong Kong	
(3) Representative	Masashi Takeda, Managing Director	
(4) Business description	Intermediate holding company, financial management	
(5) Capital	HK\$175,000 thousand	
(6) Establishment	June 14, 2016	
(7) Major Shareholders and shareholdings	Hitachi Capital Corporation 100%	
(8) Relationship between Hitachi Capital and HCMC	Capital relationship	Hitachi Capital holds 100% of HCMC shares.
	Personnel relationship	One Managing Director is seconded from Hitachi Capital.
	Transactional relationship	No matters to be noted.

■ Schedule*

(1) Date of BOD resolution	September 29, 2017
(2) Date of the agreement	November 1, 2017 (planned)
(3) Date of share transfer	November 1, 2017 (planned)

*The share transfer of HCF is subject to obtaining the approval of relevant authorities.

■ Reasons for statuses change to sub-subsidiaries

In order to transfer all shares held by Hitachi Capital of HCHK, HCL, and HCF to HCMC and reorganize them into a group management system, with HCMC as an intermediate holding company, for the purpose of enhancing the financial management functions in China.

■ Outline of sub-subsidiaries whose statuses are to be changed

1. Outline of HCHK

(1) Name	Hitachi Capital (Hong Kong) Ltd.		
(2) Location	16th Floor, Wai Fung Plaza, 664 Nathan Road, Mongkok, Kowloon, Hong Kong		
(3) Representative	Masashi Takeda, Managing Director		
(4) Business description	Leasing and credit services for information communication equipment, industrial equipment, and others / Credit services for automobiles, PCs, furniture, residential equipment, home appliances, and others		
(5) Capital	HK\$310,000 thousand		
(6) Establishment	April 25, 1975		
(7) Major Shareholders and shareholdings	Hitachi Capital Corporation 100%		
(8) Relationship between Hitachi Capital and HCHK	Capital relationship	Hitachi Capital holds 100% shares of HCHK.	
	Personnel relationship	One Chairman and one Managing Director are seconded from Hitachi Capital.	
	Transactional relationship	No matters to be noted.	
(9) HCHK's consolidated financial results and consolidated financial position for the recent three years [IFRS] (Millions of yen, and millions of HK\$ in parenthesis)			
Fiscal years ended	March 31, 2015	March 31, 2016	March 31, 2017
Total equity	16,855 (1,087)	18,015 (1,239)	20,529 (1,422)
Total assets	184,926 (11,930)	191,763 (13,197)	195,278 (13,524)
Revenues	8,302 (585)	8,561 (552)	7,645 (547)
Profit before tax	3,406 (240)	3,926 (253)	3,832 (274)
Net income attributable to owners of the parent	2,842 (200)	3,281 (211)	3,218 (230)

2. Outline of HCL

(1) Name	Hitachi Capital Leasing (China) Co., Ltd.		
(2) Location	Room 1509, Beijing Fortune Building, No.5, Dong san Huan Bei-lu, Chaoyang District, Beijing, China		
(3) Representative	Ryoji Satoh, Chairman		
(4) Business description	Leasing for Hitachi Group and public facilities /Leasing for medical equipment, information equipment, and industrial equipment/Other finance services permitted within the scope of business		
(5) Capital	US\$100,000 thousand		
(6) Establishment	April 15, 2005		
(7) Major Shareholders and shareholdings	Hitachi Capital Corporation (90%), Hitachi (China), Ltd. (10%)		
(8) Relationship between Hitachi Capital and HCL	Capital relationship	Hitachi Capital holds 90% shares of HCL.	
	Personnel relationship	One Chairman, one Director & Vice President, two Directors, and one Statutory Auditor are seconded from Hitachi Capital.	
	Transactional relationship	Hitachi Capital provides guarantee for HCL's borrowings.	
(9) HCL's consolidated financial results and consolidated financial position for the recent three years [IFRS] (Millions of yen, and millions of RMB in parenthesis)			
Fiscal years ended	March 31, 2015	March 31, 2016	March 31, 2017
Total equity	17,294 (893)	17,364 (998)	17,569 (1,078)
Total assets	111,178 (5,742)	121,227 (6,971)	125,027 (7,675)
Revenues	7,473 (421)	8,436 (448)	7,733 (480)
Profit before tax	2,234 (124)	3,173 (169)	3,434 (213)
Net income attributable to owners of the parent	1,674 (93)	2,379 (127)	2,575 (160)

3. Outline of HCF

(1)	Name	Hitachi Capital Factoring (China) Co., Ltd.		
(2)	Location	Room 041, 19th Floor, Hang Seng Bank Tower, 1000 Lujiazui Ring Road, Pudong New Area, Shanghai, China		
(3)	Representative	Ryoji Satoh, Chairman		
(4)	Business description	Factoring		
(5)	Capital	RMB306,570 thousand		
(6)	Establishment	August 20, 2013		
(7)	Major Shareholders and shareholdings	Hitachi Capital Corporation 100%		
(8)	Relationship between Hitachi Capital and HCF	Capital relationship	Hitachi Capital holds 100% shares of HCF.	
		Personnel relationship	One Chairman, one Director and President, two Directors and one Statutory Auditor are seconded from Hitachi Capital.	
		Transactional relationship	Hitachi Capital provides guarantee for HCF's borrowings.	
(9)	HCF's consolidated financial results and consolidated financial position for the recent three years [IFRS] (Millions of yen, and millions of RMB in parenthesis)			
	Fiscal years ended	March 31, 2015	March 31, 2016	March 31, 2017
	Total equity	5,859 (302)	5,333 (306)	5,116 (314)
	Total assets	6,217 (321)	6,788 (390)	18,931 (1,162)
	Revenues	195 (10)	379 (20)	731 (45)
	Profit before tax	-45 (-2)	80 (4)	157 (9)
	Net income attributable to owners of the parent	-39 (-2)	76 (4)	118 (7)

■ Outlook of Performance

The impact of the Reorganization on the consolidated financial results for the year ending March 31, 2018 is insignificant since it does not result in change in Hitachi Capital's scope of consolidation.

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