

To whom it may concern:

October 11, 2017

Company name: T.RAD Co., Ltd.
Representative: Hiromi Kano, President
Code No.: 7236
Norio Kanai, Executive officer,
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Notice of making Qingdao Toyo Heat Exchanger Co., Ltd. a consolidated subsidiary

We hereby inform you as follows that we have acquired the stock of Qingdao Toyo Heat Exchanger Co., Ltd. additionally from anamnesic shareholder, and we made the company a consolidated subsidiary.

1. Reason of Acquisition of Shares

Qingdao Toyo Heat Exchanger Co., Ltd. manufactures and sells heat exchangers etc. for automobiles and trucks targeted on local customers in China. With the acquisition of the company as a consolidated subsidiary, we would like to reinforce the cooperation of our corporate group with the company and further expand our business for Chinese customers.

2. Amount of additional acquisition of shares

(1) Price of acquisition of shares (Share of stock 25%)	Price of acquisition of shares: RMB38,192,000 (647 Millions of Yen)
(2) Our holding share of stock	(Before acquisition) 39% → (After acquisition) 64%

*Exchange rate 1RMB = 16.96 yen hereinafter the same

3. Summary of Qingdao Toyo Heat Exchanger Co., Ltd. after acquisition

(1) Name	Qingdao Toyo Heat Exchanger Co., Ltd.	
(2) Location	22 Kong Que He 3 Road, Jimo Qingdao, Shandong, China	
(3) Representative	President: Jiang Hua	
(4) Description of business	Manufacture and sales of heat exchangers etc., for automobile	
(5) Capital	RMB 40,856,883(692 Millions of Yen) as of September 30, 2017	
(6) Established	April 28, 2005	
(7) Main share holders and share of stock	T.RAD Co., Ltd. 64% Donghua Automobile Industry Co., Ltd. 26% Mitsubishi Corporation RtM Japan Ltd. 10%	
(8) Relations with the Company	Capital relationship	Our holding share of stock 64%
	Human relationship	Two (2) employees of our company are assigned as directors of the Company.
	Business relationship	Selling and buying trade etc. of Equipment and parts for manufacturing heat exchangers

(9) Business Results for three years (Millions of RMB) *Figure in parentheses is Millions of Yen			
Fiscal Year	FY2015	FY2016	FY2017 Forecast
Net sales	483 (8,191)	457 (7,750)	474 (8,039)
Operating income	25 (424)	25 (424)	24 (407)
Ordinary income	26 (440)	26 (440)	24 (407)
Net income	20 (339)	20 (339)	18 (305)

4. Foresight

We are considering that the effect of the acquisition of the stocks to the consolidated financial results for the Fiscal year ended March 31, 2018 is minor.