



February 21, 2019

Company name Nitta Gelatin Inc.  
 Representative Koichi Ogata,  
 Representative Director and President  
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## Notice Regarding Changes at Specified Subsidiary and Equity-Method Affiliate

Nitta Gelatin Inc. (hereinafter “Nitta Gelatin”) hereby announces that its board of directors has passed a resolution today to transfer shares of Nitta Hong Kong Ltd., its specified subsidiary. The details for this transfer are listed below.

Furthermore, Beijing Qiushi Collagen Casing Co., Ltd., which invested in Nitta Hong Kong Ltd., is expected to no longer be associated with Nitta Gelatin as an equity-method affiliate in accordance with this transfer of shares.

### 1. Reason for Transfer of Shares

The joint venture Beijing Qiushi Collagen Casing Co., Ltd. was established with Beijing Qiushi Agricultural Development Co., Ltd. and developed with the purpose of expanding Nitta Gelatin’s collagen casing business in the China market. However, there are significant disparities between Beijing Qiushi Agricultural Development Co., Ltd. and Nitta Gelatin in terms of business policies going forward. Therefore, Nitta Hong Kong Ltd. will be transferred to Casing Hongkong Limited.

### 2. Overview of specified subsidiary and equity-method affiliate to undergo changes

(Overview of Nitta Hong Kong Ltd.)

(1)	Name	Nitta Hong Kong Ltd.	
(2)	Location of head office	Hong Kong Special Administrative Region, People's Republic of China	
(3)	Representative, Name	Chairman, Rodney Eugene Moore	
(4)	Business activities	Intermediate holding company	
(5)	Paid-in capital	HK\$30,420 thousand	
(6)	Date of establishment	March 2012	
(7)	Shareholder, Shareholding ratio	Nitta Casings Inc., 100%	
(8)	Affiliation with Nitta Gelatin	Capital-related	Nitta Hong Kong Ltd. receives 100% investment as a consolidated subsidiary of Nitta Casings Inc., which is Nitta Gelatin’s consolidated subsidiary.
		Personnel-related	Two directors dispatched from Nitta Gelatin.
		Trade-related	No special affiliation.

(9) Financial condition and operating results of the company for the past three years (Unit: Thousands of US\$)			
Fiscal period	FY ended December 2015	FY ended December 2016	FY ended December 2017
Net assets	851	2,651	2,648
Total assets	900	2,700	2,700
Net sales	0	0	0
Operating income	(22)	(0)	(2)
Net income	(22)	(0)	(2)

(Overview of Beijing Qiushi Collagen Casing Co., Ltd.)

(1)	Name	Beijing Qiushi Collagen Casing Co., Ltd.	
(2)	Location of head office	Beijing, People's Republic of China	
(3)	Representative, Name	Chairman, Du Daxue	
(4)	Business activities	Production and sales of collagen casings	
(5)	Paid-in capital	RMB82,943 thousand	
(6)	Date of establishment	September 2012	
(7)	Shareholder, Shareholding ratio	Beijing Qiushi Agriculture Development Co., Ltd., 70% Nitta Hong Kong Ltd., 30%	
(8)	Affiliation with Nitta Gelatin	Capital-related	Beijing Qiushi Collagen Casing Co., Ltd. is an equity-method affiliate of Nitta Gelatin, and which receives 30% investment from Nitta Hong Kong Ltd., which is a consolidated subsidiary of Nitta Gelatin.
		Personnel-related	One director and one auditor dispatched from Nitta Gelatin.
		Trade-related	No special affiliation.

(9) Financial condition and operating results of the company for the past three years (Unit: Thousands of RMB)			
Fiscal period	FY ended December 2015	FY ended December 2016	FY ended December 2017
Net assets	24,311	61,020	58,814
Total assets	44,678	75,518	80,573
Net sales	2,710	2,924	678
Operating income	(1,946)	(2,281)	(2,594)
Net income	(2,846)	(2,612)	(2,206)

**3. Overview of company involved in the transfer of shares**

(1)	Name	Casing Hongkong Limited	
(2)	Location of head office	Hong Kong Special Administrative Region, People's Republic of China	
(3)	Representative, Name	Chairman, Du Daxue	
(4)	Business activities	Holding company	
(5)	Paid-in capital	HK\$10 thousand	
(6)	Date of establishment	February 2019	
(7)	Affiliation with Nitta Gelatin	Capital-related	No special affiliation.
		Personnel-related	No special affiliation.
		Trade-related	No special affiliation.
		Corresponding status with the related parties	No special affiliation.

#### 4. Transfer cost and status of investment before/after transfer of shares

(1)	Investment before transfer of shares	(Nitta Hong Kong Ltd.) 100% (Beijing Qiushi Collagen Casing Co., Ltd.) 30%
(2)	Transfer amount	An announcement will be made upon confirmation.
(3)	Investment after transfer of shares	(Nitta Hong Kong Ltd.) – % (Beijing Qiushi Collagen Casing Co., Ltd.) – %

#### 5. Dates for changes (planned)

(1)	Date of board of directors' resolution	February 21, 2019
(2)	Date to conclude contract for transfer of shares	March 6, 2019 (planned)
(3)	Date of implementation for transfer of shares	End of June 2019 (planned)

#### 6. Future Outlook

With this transfer of shares, Nitta Hong Kong Ltd. will be excluded from the scope of consolidation for Nitta Gelatin.

The transfer of shares is expected to be completed in the next fiscal year and will have a slight impact on consolidated business for the fiscal year ending March 2019. Furthermore, the Group is currently assessing the impact of this change on business results and will promptly disclose any material impact that may arise.

(For reference) Consolidated financial forecasts for the period under review (released February 8, 2019)

(Unit: Millions of yen)	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
Consolidated financial forecasts for the period under review (March 31, 2019)	36,500	700	600	1,000
Consolidated financial forecasts for the same period of the previous fiscal year (March 31, 2018)	37,777	1,095	1,009	(615)