

News Release

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Hitachi Applied for Preliminary Injunction, Requesting Court to Prohibit Convening of Yungtay EGM on April 18

Taipei, March 19, 2019 --- Hitachi Ltd. (TSE: 6501, "Hitachi") today announced that it applied for a preliminary injunction to the Taiwan Shilin District Court on March 18, 2019, requesting the court to prohibit the independent director of Yungtay Engineering Co. Ltd. (TWSE: 1507, "Yungtay") from calling the first EGM (Extraordinary General Meeting) on April 18, 2019 and the convening of the same.

For detail information, please see appendix.

About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, delivers innovations that answer society's challenges, combining its operational technology, information technology, and products/systems. The company's consolidated revenues for fiscal 2017 (ended March 31, 2018) totaled 9,368.6 billion yen (\$88.4 billion). The Hitachi Group is an innovation partner for the IoT era, and it has approximately 307,000 employees worldwide. Through collaborative creation with customers, Hitachi is deploying Social Innovation Business using digital technologies in a broad range of sectors, including Power/Energy, Industry/Distribution/Water, Urban Development, and Finance/Social Infrastructure/Healthcare. For more information on Hitachi, please visit the company's website at <http://www.hitachi.com>.

Appendix

Summary of "Applying for a Preliminary Injunction, Requesting Court to Prohibit the Convening of Yungtay EGM on April 18"

Mr. Shih-Yang Chen, one of the Yungtay independent directors, issued a letter to Yungtay on February 27, 2019, alleging that "the resolution of Yungtay's BOD (Board of Directors) authorizing Hitachi and Hitachi Elevator Taiwan Co., Ltd. ("Hitachi Elevator Taiwan"), a wholly owned subsidiary of Hitachi, to conduct due diligence before public tender offer, but rejecting the due diligence requests from other two global elevator companies was against the rights and interests of shareholders, and in breach of the fiduciary duties as directors." However, Mr. Chen never produced any concrete evidence substantiating "the BOD members' breach of law or fiduciary duties," and his calling for the first EGM of Yungtay on April 18, 2019, in the absence of valid reason, was apparently and seriously flawed in the procedure.

To avoid damaging the shareholders' right to tender their shares in the tender offer, and for Yungtay's stable future development, Hitachi, as a key shareholder of Yungtay, decides to exercise its right to undertake legal action, requesting the court to prohibit the convening of this EGM. Hitachi's application to the court is based on the following reasons: unmerited reason to convene this EGM, unduly affecting shareholders' decision on tendering their shares, and detrimental to Yungtay's overall interests.

1. Mr. Chen's reason to convene this EGM is unmerited - Yungtay's BOD had thoroughly discussed and legitimately voted on all acquisition proposals

Based on the long-term relationship between Hitachi and Yungtay, and for the growth on the next level, Hitachi submitted a due diligence proposal before the public tender offer, and such proposal was approved by Yungtay's 3rd BOD meeting on September 26, 2018.

The other two elevator companies also submitted due diligence proposals in Yungtay's 4th BOD meeting on October 30, 2018. However, Yungtay's BOD rejected such proposals due to the following concerns: these two companies are Yungtay's competitors in the Taiwan and China market, casting doubt that Yungtay's trade secrets might be exploited, and that the company's interests shall not be decided solely on the price, but employees' interests as well. Yungtay re-considered the due diligence proposals of the two companies in 5th BOD meeting on November 8, 2018, but the position remained the same.

Yungtay's BOD had thoroughly discussed and exchanged views on above proposals, and the procedure and voting thereof were undertaken legally and fairly, without violation of law as alleged. Moreover, even if Yungtay's BOD were to approve the two companies' due diligence request, there is no guarantee that the respective party, after conducting due diligence, would indeed initiate a public tender offer or propose a price higher than Hitachi's offer.

Besides, if the other two elevator companies intended to acquire Yungtay, they would have offered a competitive bid by proposing a higher price during this public tender offer period, and due diligence or approval of Yungtay's BOD is not a prerequisite. However, as of now, none of these companies have responded to this public tender offer by making any competitive bid.

2. Convening this EGM would unduly affect shareholder's decision on tendering the shares, presenting an extreme measure to undermine the tender offer procedure and causing all shareholders to bear the costs of the re-election

Hitachi reiterates that its public tender offer was initiated in advance and it is legally permissible for any party to offer a higher price during the prescribed period. Accordingly, it is up to shareholders to decide on tender their shares or not. It is unfair to resort to convening an EGM, with intention to affect shareholder's decision and the outcome of public tender offer.

Since this EGM will be held before the completion of Hitachi Elevator Taiwan's public tender offer, if the re-election of BOD leads to the failure of the public tender offer due to insufficient minimum shares, it would set the worst example that an independent director is capable of sabotaging a lawful public tender offer by resorting to the extraordinary measure of convening an EGM, making the company and all shareholders bear the costs, simply because he disagrees with the majority of directors. It will undermine the purpose of tender offer to facilitate the circulation of public-traded stocks.

3. Convening this EGM is detrimental to Yungtay's overall interests - the action of one independent director to counter the majority of directors will affect the company's normal operation

The convening of this EGM only serves one independent director's desire to counter the majority of directors from different interested parties, and to coercively overtake Yungtay's management and change its operation. This unwarranted convening procedure severely harms Yungtay's interests and is procedurally flawed. Hitachi, as a shareholder of Yungtay, reserves the right to file a lawsuit to annul the resolution of this EGM, if this EGM resolves the re-election of BOD.

To avoid the above situation from occurring and worsening, Hitachi applied for a preliminary injunction to the court. We sincerely ask the court to grant the injunction and prohibit the convening of the EGM on April 18 to minimize potential damages.

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