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For Immediate Release

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Notice of Commencement of Preparations for Transition to Operating Holding Company Structure

Citizen Holdings Co., Ltd. (“the Company”) announces that its Board of Directors meeting held today resolved to commence preparations to make the transition from a pure holding company structure to an operating holding company structure by October 1, 2016. Details are as follows.

1. Background and purpose of transition to operating holding company structure

The Company has been working to strengthen the Group’s competitiveness and promote growth under a pure holding company structure since April 2007. The Company has managed to achieve certain results under “Citizen Global Plan 2018,” the Medium-Term Management Plan launched in April 2013, including implementing structural reforms aimed at radically improving the business structure and strengthening the production capability, as well as clarifying the business portfolio, concentrating management resources on business areas in which the Group can demonstrate its strength, and expanding business with a focus on the watch and clock business, aiming to be a “Solid Global Company.”

At the same time, since April 2014, the Company has been working together with Citizen Watch Co., Ltd. and Citizen Business Expert Co., Ltd. to implement various initiatives aimed at “accelerating growth strategies in the watch and clock business” and “increasing management efficiency.” However, to achieve further headway with “Citizen Global Plan 2018,” further growth of the Group as whole, with the watch and clock business at the core, and enhancement of head office functions, the Company is now commencing preparations to make the transition from the current pure holding company structure to an operating holding company structure.

After transition, the Company will seek to strengthen the Group’s competitiveness and endeavor to enhance the Group’s corporate value and shareholder value under the new structure.

2. Method of transition to operating holding company structure

The Company plans to make the transition to a structure with the Company as the operating holding company by the method of absorption-type merger in which the Company is the surviving entity and Citizen Watch Co., Ltd. and Citizen Business Expert Co., Ltd. will be extinguished.

With the transition to the operating holding company structure, the Company also plans to change the Company’s trade name to Citizen Watch Co., Ltd.

3. Schedule

April 27, 2016 (Tentative)	Meeting of the Board of Directors to approve the merger agreement
April 27, 2016 (Tentative)	Execution of the merger agreement
October 1, 2016 (Tentative)	Effective date of the merger