

July 3, 2025

Notice of the Acceptance of Application for Listing on the “New Third Board” (OTC Market) in China Submitted by Our Equity-method Affiliate (Semiconductor Wafer Business)

Ferrotec Corporation (Representative Director: He Xian Han; hereinafter “the Company”) announces that on June 25, 2025, Hangzhou Semiconductor Wafer Co., Ltd. (hereinafter “CCMC”), an equity-method affiliate of the Company, applied for listing on the “New Third Board” in China (National Equities Exchange and Quotations (NEEQ); hereinafter the “New Third Board”), which is a Chinese over-the-counter system for trading shares, and that this application was accepted on June 30, 2025. Details are as follows.

*Please refer to the appendix for details on the New Third Board.

1. Outline of the applying company as of June 30, 2025

(1)	Name	Hangzhou Semiconductor Wafer Co., Ltd. (CCMC)	
(2)	Address	No.888 Dongken Road, Qiantang New District, Hangzhou, Zhejiang, Peoples Republic of China	
(3)	Title and name of representative	He Xian Han, Legal representative	
(4)	Contents of business	Manufacture and sale of semiconductor wafers	
(5)	Capital	5,032 million yuan (approx. 101.6 billion yen) (1 Chinese yuan = 20.19 yen)	
(6)	Date of establishment	September 28, 2017	
(7)	Our shareholding ratio	23.05%	
(8)	Relationship between CCMC and the Company	Capital relationship	CCMC is an equity-method affiliate of the Company.
		Personnel relationship	One Director of the Company concurrently serves as the Representative Director of CCMC.
		Business relationship	None applicable

2. Future outlook and prospects

The impact on the consolidated business performance of the Group for the current fiscal year is expected to be minor at the time of releasing this document. However, we will promptly disclose relevant items as soon as they are confirmed.

Appendix

[For reference] Regarding the New Third Board

<General structure of the Chinese securities market>

·The securities market in China is broadly divided into three categories: Main Board, growth market, and OTC market.

1. Main Board: Shanghai Stock Exchange, Shenzhen Stock Exchange, etc.
2. Growth market: STAR market of the Shanghai Stock Exchange and ChiNext of the Shenzhen Stock Exchange
3. OTC market: New Third Board and New Fourth Board

-New Third Board: Officially known as "National Equities Exchange and Quotations (NEEQ)," supported by the Chinese government to develop venture capital

-New Fourth Board: Officially known as "Regional Equity Markets," operated by local financial institutions and functioning as domestic regional markets

<Outline of the New Third Board>

·The New Third Board is a nationwide over-the-top platform for trading shares, established upon the approval of the State Council of China (Cabinet Office) in accordance with the Securities Law. It is operated and managed by National SME Share Transfer System Co., Ltd.

-Supervised by the China Securities Regulatory Commission (CSRC), while concrete regulations are formulated by the Securities Association of China.

-Targeting institutional investors and qualified investors (individual investors on a professional level)

-The requirements for listing by an issuing company are not as strict as in those of conventional markets, but the following six requirements for listing are required, taking into account the business model, management policy, corporate governance, etc.

1)	The company is a joint-stock company that has been operated for two years or longer since its founding. If a limited liability company has been converted into a joint-stock company, the operation period is from the establishment date of the limited liability company.
2)	Business operations are clear and the company can conduct sustainable management.
3)	The corporate governance is sound and the company is managed in compliance with law.
4)	Shareholder rights are clear, and the issuance and trade of shares are not in violation of law.
5)	The company was recommended by a sponsor securities company, and is continuously supervised and guided.
6)	It meets other requirements demanded by National SME Share Transfer System Co., Ltd. (operating body).

<Classification of the New Third Board and the Innovation Layer, on which CCMC is to be listed>

·The New Third Board is classified into the "Select Layer," "Innovation Tier" and "Basic Layer," and CCMC's application for listing on the "Innovation Layer" was accepted on this occasion.

·One of the following requirements has to be met for listing on the "Innovation Layer," and CCMC applied under the requirement stated in 3).

1)	Profit in each of the last two years was in the black, which amounts to either 8 million yuan or more in total, or 6 million yuan or more in the previous year.
2)	Average sales in the last two years were 30 million yuan or more and the sales growth rate during the last year is 20% or higher, or average sales for the last two years were 50 million yuan or more, and net cash inflow from operating activities is positive.
3)	Sales in the previous year are 30 million yuan or more and the total amount of investment in R&D in the last two years accounts for 5% or more of sales in the same period.
4)	The total amount of investment in R&D in the last two years was 10 million yuan or more, issuance of new shares through third-party allotment has been conducted for the last 24 months or since the time of listing, and the amount of investment in shares from specialized institutional investors is 20 million yuan or more.

Note: As the aforementioned information on the "New Third Board" is mainly information available in 2021, there may have been changes.

[For reference] History of disclosures related to CCMC (related to listing and investments)

Release date	Title
July 4, 2024	Notice of the Withdrawal of a Listing Application by Our Equity-Method Affiliate (Semiconductor Wafers)
August 30, 2022	Notice of an Application for Listing on the Science and Technology Innovation Board of the Shanghai Stock Exchange by a Semiconductor Wafer Equity-Method Affiliate
October 20,	Notice of the Conclusion of an Advisory Contract for Listing Between Our Equity-Method Affiliate

2021	(Semiconductor Wafer Business) and Haitong Securities Co. Ltd. (Managing Underwriter) and the Approval for Registration by the China Securities Regulatory Commission
September 15, 2021	Notice of the Completion of Payment of the (Second) Issuance of New Shares through Third-Party Allotment at an Equity-Method Affiliate for Manufacturing Semiconductor Wafers
September 15, 2021	(Correction and Change of a Disclosed Item) Notice of the (Second) Issuance of New Shares through Third-Party Allotment and Capital Investment (Acquisition of Fixed Assets) at an Equity-Method Affiliate for Manufacturing Semiconductor Wafers
July 15, 2021	(Change of a Disclosed Item) Notice of the (Second) Issuance of New Shares through Third-Party Allotment and Capital Investment (Acquisition of Fixed Assets) at an Equity-Method Affiliate for Manufacturing Semiconductor Wafers
June 30, 2021	(Correction of a Disclosed Item) Notice of Listing of an Equity-Method Affiliate That Manufactures Semiconductor Wafers
June 29, 2021	Notice of Listing of an Equity-Method Affiliate That Manufactures Semiconductor Wafers
April 15, 2021	Notice of the (Second) Issuance of New Shares through Third-Party Allotment and Capital Investment (Acquisition of Fixed Assets) at an Equity-Method Affiliate for Manufacturing Semiconductor Wafers
February 10, 2021	Notice of Change of Specific Subsidiaries that Manufacture Semiconductor Wafers
November 13, 2020	(Addition/Correction of a Disclosed Item) Notice of the Issuance of New Shares through Third-Party Allotment by the Subsidiary that Manufactures Semiconductor Wafer
November 13, 2020	(Correction of a Disclosed Item) Notice of the Completion of Payment for New Shares through Third-Party Allotment by the Subsidiary that Manufactures Semiconductor Silicon Wafers
November 5, 2020	(Correction of a Disclosed Item) Notice of the Completion of Payment of the Price for Transfer of Shares of the Subsidiary that Manufactures Semiconductor Silicon Wafers
November 2, 2020	(Progress of a Disclosed Item) Notice of the Completion of Payment for New Shares through Third-Party Allotment by the Subsidiary that Manufactures Semiconductor Wafer
October 19, 2020	(Progress of a Disclosed Item) Notice of the Completion of Payment of the Price for Transfer of Shares of the Subsidiary that Manufactures Semiconductor Silicon Wafers
October 16, 2020	Notice of the Issuance of New Shares through Third-Party Allotment by the Subsidiary that Manufactures Semiconductor Wafer
September 17, 2020	(Addition/Revision of Contents) Notice of Transfer of Some Shares of the Subsidiary that Manufactures Semiconductor Wafers
September 15, 2020	Notice of Transfer of Some Shares of the Subsidiary that Manufactures Semiconductor Wafers