

August 5, 2019

Notice of Disclosure Omissions related to Specified Subsidiaries of Our Company

Recently, when preparing the timely disclosure related to changes in specified subsidiaries due to a resolution to increase the capital of our consolidated subsidiary Hong Kong First Semiconductor Technology Co., Ltd., we found that the capital of this subsidiary was already 10% or more of the capital of our company. Although falling under the definition of a specified subsidiary, no disclosure of this fact had previously been made in accordance with the Listing Regulations Regarding Changes in Specified Subsidiaries, nor in the classification table of specified subsidiaries in the Annual Securities Report. Due to this finding, our company conducted an internal investigation of whether there have been disclosure omissions in all 41 consolidated subsidiaries of our company. The results have ascertained that nine of the ten specified subsidiaries of our company (as of March 31, 2019) (including the one mentioned above) have had disclosure omissions in accordance with the Listing Regulations, and one company (the one mentioned above) was not listed in the classification table of specified subsidiaries in the Annual Securities Report. Along with providing this notice regarding the following specified subsidiaries for which disclosure had been omitted, we extend our deepest apologies for making these disclosures after the fact.

1. Overview of nine specified subsidiaries for which disclosure had been omitted (as of March 31, 2019): Please refer to the attached list for details.

	Name	Established Date	Location	Representative Title and Name	Contents of business	Capital stock (Thousand RMB / Thousand HKD /Thousand USD)
1	Hangzhou dahe thermo-magnetics Co.,Ltd.	Jan. 31, 1992	Zhejiang Province, China	Chairman, Akira Yamamura	Semiconductor and other equipment-related, electronic devices, and solar cells businesses	677,512 (JPY 10,325 million)
2	Hangzhou dahe new material technology Co.,Ltd.	July 18, 2014	Zhejiang Province, China	Representative Director, He Xian Han	Semiconductor and other equipment-related business	147,305 (JPY 2,244 million)
3	Hangzhou Semiconductor Wafer Co.,Ltd.	Sep. 28, 2017	Zhejiang Province, China	Representative Director, He Xian Han	Semiconductor and other equipment-related business	1,557,764 (JPY 23,740 million)
4	Shanghai shenhe thermo-magnetics electronics Co.,Ltd.	May 17, 1995	Shanghai, China	Representative Director, Akira Yamamura	Semiconductor and other equipment-related, electronic devices, and photovoltaic businesses	1,241,187 (JPY 18,915 million)
5	Shanghai hanhong precision machinery Co.,Ltd.	Mar. 11, 2005	Shanghai, China	Representative Director, He Xian Han	Photovoltaic-related and other businesses	266,051 (JPY 4,054 million)
6	Ferrotec (Ningxia) New Energy Co.,Ltd.	Apr. 20, 2011	Yinchuan, China	Representative Director, He Xian Han	Photovoltaic-related business	319,500 (4,869 million yen)
7	Ferrotec (Ningxia) Semiconductor Technology Co., Ltd.	Dec. 14, 2015	Yinchuan, China	Representative Director, He Xian Han	Semiconductor and other equipment-related business	200,000 (3,048 million yen)
8	Hong Kong First Semiconductor Technology Co., Ltd.	Mar. 28, 2008	Hong Kong	Representative Director, He Xian Han	Photovoltaic-related business	359,072 (4,879 million yen)
9	Ferrotec (USA) Corporation	Oct. 15, 1968	United States	President & CEO, Eiji Tominaga	Semiconductor and other equipment-related, and electronic devices businesses	41,611 (4,425 million yen)

(Note 2) The currency translation rate used is as posted by Mitsubishi UFJ Bank on August 5, 2019 (CNYJPY=15.24/HKDJPY=13.59/USDJPY=106.35) *Amounts are rounded down to million yen.

2. Causes and preventive measures

We believe that this matter occurred due to our misunderstanding of the timely disclosure standards and the lack of thorough implementation of a mutual confirmation system. We will strive to prevent the recurrence of such matters by strengthening internal study meetings on timely disclosure standards and mutual confirmation systems.

3. Future outlook

We believe that this matter will have no impact on our consolidated results for the fiscal year ending March 2020, but we will promptly notify you if there are any matters that need to be disclosed in the future.

*Definition of terms: Specified subsidiary

A Specified Subsidiary as defined in the Cabinet Office Ordinance (Ordinance of the Ministry of Finance No.5) Article 7, Paragraph 3 is a subsidiary that falls under one or more of the following specific relationship clauses.

1. In the most recent fiscal year of the reporting company the total sales of the subsidiary to the reporting company or the total amount of procurement from the subsidiary exceed 10% of the total sales or procurement of the reporting company.
2. Net assets of the subsidiary on the closing day of its most recent fiscal year exceed 30% of the net assets of the reporting company (In case of a subsidiary whose fiscal year ends on a date different from that of the reporting company, the closing date of the subsidiary' recent fiscal year prior to the closing date of the most recent fiscal year of the reporting company.) (Excluding the case in which the liabilities of the reporting company exceed its total assets.)
3. The amount of capital (Amount of funds etc. for a mutual company) or the amount of investment of the subsidiary in the reporting company exceeds one-tenth of the capital (Amount of funds etc. for a mutual company) of the reporting company.

<Appendix 1/3>

(1)	Name	Hangzhou dahe thermo-magnetics Co.,Ltd.			Hangzhou dahe new material technology Co.,Ltd.			Hangzhou Semiconductor Wafer Co.,Ltd.			
(2)	Location	Zhejiang Province, China			Zhejiang Province, China			Zhejiang Province, China			
(3)	Title/Name of Representative	Chairman, Akira Yamamura			Representative Director, He Xian Han			Representative Director, He Xian Han			
(4)	Contents of business	Semiconductor and other equipment-related, electronic devices, and photovoltaic businesses			Semiconductor and other equipment-related business			Semiconductor and other equipment-related business			
(5)	Capital stock	RMB 677,512 thousand			RMB 147,305 thousand			RMB1,557,764 thousand			
(6)	Date of establishment	Jan. 31, 1992			Jul. 18, 2014			Sep. 28, 2017			
(7)	Percentage of voting rights held *Figures in parentheses indicates percentage of indirect ownership	100.00%			100.00%			100.00%(23.75%)			
(8)	Relationship between Listed Company and Said Companies	Capital relationship	Our 100% owned subsidiary			Capital relationship	Our 100% owned subsidiary			Capital relationship	Our 100% owned subsidiary, including 23.75% owned indirectly
		Personnel relationship	2 of our directors concurrently serve as directors			Personnel relationship	1 of our directors concurrently serves as director of the company.			Personnel relationship	3 of our directors concurrently serve as directors
		Business relationship	We provide material procurement agency services and liability guarantees.			Business relationship	We provide material procurement agency services and liability guarantees.			Business relationship	We provide material procurement agency services and liability guarantees.
(9)	Business Results and Financial Position for the Last 3 Years	(Thousand RMB)			(Thousand RMB)			(Thousand RMB)			
	Fiscal year	FY2016	FY2017	FY2018	FY2016	FY2017	FY2018	FY2016	FY2017	FY2018	
	Net assets	766,068 (JPY 11,675 million)	786,208 (JPY 11,982 million)	1,051,334 (JPY 16,022 million)	102,830 (JPY 1,567 million)	192,749 (JPY 2,937 million)	243,541 (JPY 3,712 million)		602,736 (JPY 9,186 million)	1,557,077 (JPY 23,730 million)	
	Total assets	1,419,438 (JPY 21,632 million)	1,681,883 (JPY 25,632 million)	2,249,406 (JPY 34,281 million)	160,442 (JPY 2,445 million)	307,247 (JPY 4,682 million)	425,543 (JPY 6,485 million)		603,616 (JPY 9,199 million)	1,915,042 (JPY 29,185 million)	
	Net assets per share	(JPY 0 million)	(JPY 0 million)	(JPY 0 million)	(JPY 0 million)	(JPY 0 million)	(JPY 0 million)	(JPY 0 million)	(JPY 0 million)	(JPY 0 million)	
	Net sales	1,775,181 (JPY 27,054 million)	1,929,803 (JPY 29,410 million)	1,992,065 (JPY 30,359 million)		254,156 (JPY 3,873 million)	343,491 (JPY 5,235 million)				
	Ordinary income	239,385 (JPY 3,648 million)	301,657 (JPY 4,597 million)	337,897 (JPY 5,150 million)	1,446 (JPY 22 million)	57,593 (JPY 878 million)	114,926 (JPY 1,751 million)		-5,587 (JPY -85 million)	6,533 (JPY 100 million)	
	Net income (loss) attributable to owners of parent	204,432 (JPY 3,116 million)	256,716 (JPY 3,912 million)	233,364 (JPY 3,556 million)	1,446 (JPY 22 million)	42,255 (JPY 644 million)	99,530 (JPY 1,517 million)		-5,587 (JPY -85 million)	4,900 (JPY 75 million)	
	Dividend per share	(JPY 0 million)	(JPY 0 million)	(JPY 0 million)	(JPY 0 million)	(JPY 0 million)	(JPY 0 million)	(JPY 0 million)	(JPY 0 million)	(JPY 0 million)	

(Note 1) Regarding subsidiaries in China, net assets and dividend per share are not presented because Chinese subsidiaries are limited corporations and not subject to the concept of stock companies.

(Note 2) The currency translation rate used is as posted by Mitsubishi UFJ Bank on August 5, 2019 (CNYJPY=15.24/HKDJPY=13.59/USDJPY=106.35) *Amounts are rounded down to million yen.

<Appendix 3/3>

(1)	Name	Ferrotec (Ningxia) Semiconductor Technology Co., Ltd.			Hong Kong First Semiconductor Technology Co., Ltd.			Ferrotec (USA) Corporation				
(2)	Location	Yinchuan, China			Hong Kong			United States				
(3)	Title/Name of Representative	Representative Director, He Xian Han			Representative Director, He Xian Han			President & CEO, Eiji Tominaga				
(4)	Contents of business	Semiconductor and other equipment-related business			Photovoltaic-related business			Semiconductor and other equipment-related, and electronic devices businesses				
(5)	Capital stock	RMB200,000 thousand			HKD359,072 thousand			USD41,611 thousand				
(6)	Date of establishment	Dec. 14, 2015			Mar. 28, 2008			Oct. 15, 1968				
(7)	Percentage of voting rights held *Figures in parentheses indicates percentage of indirect ownership	100.00%(100.00%)			100.00%			100.00%				
(8)	Relationship between Listed Company and Said Companies	Capital relationship	Our 100% owned subsidiary			Capital relationship	Our 100% owned subsidiary			Capital relationship	Our 100% owned subsidiary	
		Personnel relationship	1 of our directors concurrently serves as director			Personnel relationship	2 of our directors concurrently serve as directors			Personnel relationship	3 of our directors concurrently serve as directors	
		Business relationship	We provide material procurement agency services and liability guarantees, and loans for funds.			Business relationship	We provide a loan.			Business relationship	There are no noteworthy business relationships.	
(9)	Business Results and Financial Position for the Last 3 Years	(Thousand RMB)			(Thousand RMB)			(Thousand USD)				
	Fiscal year	FY2016	FY2017	FY2018	FY2016	FY2017	FY2018	FY2016	FY2017	FY2018		
	Net assets	20,015 (JPY305 million)	81,827 (JPY1,247 million)	117,087 (JPY1,784 million)	260,576 (JPY3,971 million)	260,221 (JPY3,966 million)	259,455 (JPY3,954 million)	41,975 (JPY4,464 million)	42,722 (JPY4,543 million)	49,606 (JPY5,276 million)		
	Total assets	22,588 (JPY344 million)	228,026 (JPY3,475 million)	858,447 (JPY13,083 million)	270,541 (JPY4,123 million)	269,961 (JPY4,114 million)	269,687 (JPY4,110 million)	80,696 (JPY8,582 million)	94,950 (JPY10,098 million)	105,258 (JPY11,194 million)		
	Net assets per share	(JPY0 million)	(JPY0 million)	(JPY0 million)	(JPY0 million)	(JPY0 million)	(JPY0 million)	35.68 (JPY4 million)	36.31 (JPY4 million)	42.17 (JPY4 million)		
	Net sales	(JPY0 million)	3,820 (JPY58 million)	94,271 (JPY1,437 million)	(JPY0 million)	(JPY0 million)	(JPY0 million)	151,737 (JPY16,137 million)	201,725 (JPY21,453 million)	244,144 (JPY25,965 million)		
	Ordinary income	15 (JPY0 million)	-18,187 (JPY-277 million)	-64,740 (JPY-987 million)	-2,635 (JPY-40 million)	-354 (JPY-5 million)	-766 (JPY-12 million)	5,302 (JPY564 million)	12,430 (JPY1,322 million)	17,566 (JPY1,868 million)		
	Net income (loss) attributable to owners of parent	15 (JPY0 million)	-18,187 (JPY-277 million)	-64,740 (JPY-987 million)	-2,635 (JPY-40 million)	-354 (JPY-5 million)	-766 (JPY-12 million)	2,665 (JPY283 million)	5,447 (JPY579 million)	13,621 (JPY1,449 million)		
	Dividend per share	(JPY0 million)	(JPY0 million)	(JPY0 million)	(JPY0 million)	(JPY0 million)	(JPY0 million)	1.275 (JPY136 million)	3.996 (JPY425 million)	6.394 (JPY680 million)		