

September 29, 2020

(Progress of a Disclosed Item)
Notification on an Appeal Made by Our Chinese Subsidiary and a Petition for Acceptance of the Appeal

As mentioned in “(Progress of a Disclosed Item) Notification of the Judgment Regarding the Lawsuit against Our Chinese Subsidiary” dated August 28, 2020, the Intermediate People’s Court in Hangzhou (hereinafter “the Court”) delivered judgment of the first trial on August 17, 2020, regarding the lawsuit filed by China Construction Eighth Engineering Division Corp. Ltd. (hereinafter “the Eighth Division”), which is a constructor, for the construction of a large-diameter semiconductor wafer plant of Hangzhou Semiconductor Wafer Co., Ltd. (hereinafter “FTHW”), which is a Chinese subsidiary of the Company. However, FTHW was dissatisfied with the judgment of the first trial, and made an appeal to the Court on September 14, 2020, and that appeal was accepted on the same day. Details are as follows.

This matter is a lawsuit by an overseas subsidiary, so it took some time to confirm the facts. We are sorry for the delay of disclosure.

1. Background for the appeal and the petition for acceptance of the appeal

As a result of a lawsuit regarding the payment of remaining construction fees to the Eighth Division among a series of lawsuits regarding the construction of a large-diameter semiconductor wafer plant mentioned in “Notice of the Filing of Lawsuit against Our Chinese Subsidiary” dated June 25, 2019, the Court delivered judgment of the first trial on August 17, 2020, ordering FTHW to pay the Eighth Division the construction fee: 34,096,997 yuan (about 527 million yen), the interest on said construction fee for the period from May 20, 2018 to August 19, 2019, the appraisal fee: 100,000 yuan (about 1.5 million yen), which is subject to said lawsuit, and the trial expenses: 212,285 yuan (about 3.3 million yen). The Company and FTHW carefully discussed the contents of said judgment with our attorney, and concluded that we cannot agree with any of the contents of said judgment. Then, we made an appeal to the Court and filed a petition for acceptance of said appeal.

2. Future outlook

The Company and FTHW will keep taking appropriate measures, so that this matter will be deliberated at the appeal trial and our arguments will be accepted. As mentioned in the material disclosed on August 28, 2020, the construction fee to be paid to the Eighth Division in accordance with the judgment: 34,096,997 yuan (approx. 527 million yen) is within the range of the amount estimated as other fixed liabilities in the consolidated financial results for the first quarter of the term ending March 2021, so the impact of this lawsuit on the Company’s consolidated business performance is considered minor, but if there emerges any items that should be disclosed, we will announce them immediately.