

May 26, 2021

Notice of the Establishment of a Subsidiary in China and the Construction of a New Plant in the Precision Parts Cleaning and Recycling Business

In December of last year, the Company established a new company called “Ferrotec (Guangzhou) Technology Co., Ltd.” in Guangzhou, Guangdong, which is a wholly-owned subsidiary of Ferrotec (Anhui) Technology Co., Ltd. (hereinafter “FTSA”), a subsidiary of the Company, with the aim of expanding its Precision Parts Cleaning and Recycling Business for semiconductor and FPD manufacturing equipment components in South China. The construction of the new plant started on January 20, 2021. As FTSA is planning to list its shares on the Growth Enterprise Market of Shenzhen Stock Exchange, we are making this disclosure after the fact as a voluntary disclosure in order to maintain consistency with previous disclosures and to consider any impact on investment decisions.

1. Background and purpose of capital investment

Since launching the Precision Parts Cleaning and Recycling Business for semiconductor and FPD manufacturing equipment components in Shanghai, China in 2001, the Company has steadily expanded our business bases to Tianjin, Sichuan, Dalian and Anhui. In addition, in the midst of the Chinese government’s recent efforts to foster and strengthen semiconductor manufacturers in China in line with China Manufacturing 2025, the frequency of cleaning and the required precision of semiconductor manufacturing equipment components are increasing in response to cutting-edge investments in miniaturization and 3D technology. As a result, major semiconductor device manufacturers, FPD panel manufacturers, and other manufacturers of semiconductor manufacturing equipment have been requesting us to open new cleaning plants.

Seeing this as a good opportunity to strengthen relationships with customers and further expand the cleaning business, we have decided to open our sixth plant for precision parts cleaning and recycling in Guangdong, where semiconductor and FPD panel manufacturers have made significant inroads in recent years. By covering the South China region, the new plant is expected to further increase the market share and profitability of the Precision Parts Cleaning and Recycling Business, and further strengthen the Company’s position as the leading service provider in the precision parts cleaning and recycling industry in China.

2. Overview of the new company

(1)	Name	Ferrotec (Guangzhou) Technology Co., Ltd.	
(2)	Address	Glacier Economic Zone, Guangzhou Development Zone, Guangzhou, Guangdong, China	
(3)	Title and name of representative	He Xian Han, Representative Director	
(4)	Contents of business	High purity process tool parts cleaning service for semiconductors and LCDs	
(5)	Registered capital	60 million yuan (approx. 1.02 billion yen; 1 Chinese yuan = 16.95 yen)	
(6)	Date of establishment	December 22, 2020	
(7)	Major shareholders and shareholding ratio	Ferrotec (Anhui) Technology Co., Ltd. (consolidated subsidiary of the Company): 100%	
(8)	Relationship between FTSA and the company	Capital relationship	Ferrotec (Guangzhou) Technology Co., Ltd. is a sub-subsidiary whose whole shares are owned by Ferrotec (Anhui) Technology Co., Ltd. that the Company invests in.
		Personnel relationship	He Xian Han, Representative Director of the Company concurrently serves as the director of Ferrotec (Guangzhou) Technology Co., Ltd.
		Business relationship	There are no particular business relationships.

3. Overview of the new plant

(1)	Address	Glacier Economic Zone, Guangzhou Development Zone, Guangzhou, Guangdong, China
(2)	Site area	Approx. 13,900 m ²
(3)	Investment form	Own name for both land and buildings
(4)	Service provided	High purity process tool parts cleaning service for semiconductors and LCDs
(5)	Amount invested	Approximately 300 million yuan (including capital investment and working capital) (Approx. 5.08 billion yen; 1 Chinese yuan = 16.95 yen)
(6)	Fund procurement method	With own funds and borrowing
(7)	Operation start date	2022 onward

4. Future outlook

The impact on the consolidated business performance of the Company for the fiscal year ending March 2022 is expected to be minor. However, we will promptly disclose relevant items as soon as they are confirmed

<Releases related to the Precision Parts Cleaning and Recycling Business (from 2019 onwards)>

Release date	Target subsidiary	Abbreviation	Title
May 21, 2021	Ferrotec (Sichuan) Technology Co., Ltd.	FTSS	Notice of Capital Investment (Acquisition of Fixed Assets) to a Chinese Subsidiary in the Precision Parts Cleaning and Recycling Business
May 21, 2021	Ferrotec (Anhui) Technology Co., Ltd.	FTSA	(Revision of a Disclosed Item) Notice of Preparations to List a Chinese Subsidiary on the Science and Technology Innovation Board (STAR Market)
August 14, 2020	Ferrotec (Anhui) Technology Co., Ltd.	FTSA	Notice of Preparations to List a Chinese Subsidiary on the Science and Technology Innovation Board (STAR Market)
December 11, 2019	Ferrotec (Anhui) Technology Co., Ltd.	FTSA	Notice of Capital Increase (Change in Disclosure) and Change in Name of Our Specific Subsidiary
July 17, 2019	Ferrotec (Anhui) Technology Co., Ltd.	FTSA	Notice Regarding the Organizational Restructuring of Chinese Subsidiaries and a Change of Specific Subsidiaries

~Glossary - PVD and CVD methods

1. PVD (Physical Vapor Deposition): One of the semiconductor manufacturing processes known as physical vapor deposition, in which a film is deposited on a wafer by bombarding the surface of the material with metal atoms or molecules at high speed in a vacuum.
2. CVD (Chemical Vapor Deposition): One of the semiconductor manufacturing processes known as chemical vapor deposition, in which a film is deposited on the surface of a wafer through a chemical reaction on the material surface or in the vapor phase.
3. ETCH: A semiconductor manufacturing process in which a thin film, such as an oxide film, is formed on a wafer, and a photoresist is applied and the unwanted thin film is removed after pattern exposure.

[Appendix]

<Scene of the groundbreaking ceremony>



<Conceptual drawing of the new plant>

