

**Notice of the Conclusion of an Investment Agreement between  
Our Subsidiary Managing the Business in China and Lishui City, Zhejiang, China**

Ferrotec Holdings Corporation (Representative Director: He Xian Han; hereinafter "the Company") announces that, at the meeting of Board of Directors held today, we concluded an investment agreement for the sensor business with Shanghai Shenhe Investment Co., Ltd. (hereinafter "FTS"), which is a subsidiary managing the business in China, in Lishui, Zhejiang, China. Details are as follows.

In addition, regarding Ferrotec (Zhejiang) Information Technology Co., Ltd. ("FTSL"), a sensor business subsidiary established in Lishui City, the total amount of capital remains unchanged. However, following the completion of the capital payment, there have been some changes in the composition of its capital investment within our group companies, deviating from the information disclosed in the press release "Notice of the Establishment of a New Company (Specified Subsidiary) for the Sensor Business in Lishui, Zhejiang, China" dated November 14, 2023 (hereinafter "the previous disclosure").

**1. Outline of the investment agreement**

(1)	Total investment amount	3 billion yuan (approx. 62.3 billion yen) *1 Chinese yuan = 20.75 yen
(2)	Location of the site for a factory	Economic Development Zone, Liandou District, Lishui City, People's Republic of China
(3)	Area of the site	Approx. 80,000 m <sup>2</sup>
(4)	Purpose in construction	Manufacturing and sale of electronic materials, such as sensors, development of related technologies, etc
(5)	Favorable treatment and support	Construction-related incentives, production-related incentives, loan interest subsidies, fixed asset subsidies, human resource-related subsidies, etc.
(6)	Obligations of FTS and FTSL	① The term of existence of FTSL in the Lishui Development Zone shall be at least 20 years. ② FTSL shall pay taxes in the administrative district in Lishui. ③ FTS and FTSL shall achieve a cumulative production value of 3 billion yuan and a paid-in tax payment of 300 million yuan in the five years after the start of mass production.

**2. Overview of the subsidiaries**

**1) FTS**

(1)	Name	Shanghai Shenhe Investment Co., Ltd. (FTS)	
(2)	Location	181 ShanLian Road, BaoShan Urban Industrial Garden, Shanghai, China	
(3)	Title and name of representative	He Xian Han, Representative Director	
(4)	Business Content	Quality control, management of technological R&D, marketing management, manufacturing management, management of funds, brand management, and other related businesses	
(5)	Capital	2,299,255 thousand yuan (approx. 47.7 billion yen) *1 Chinese yuan = 20.75 yen	
(6)	Establishment	May 17, 1995	
(7)	Major shareholder and shareholding ratio	Ferrotec Holdings Corporation: 100%	
(8)	Relationship between the subsidiary and the Company	Capital relationship	A wholly-owned consolidated subsidiary of the Company
		Personal relationship	The representative director and president of the Company concurrently serves as director of the subsidiary.
		Business relationship	Purchase agency business, debt guarantee and lending of funds

December 15, 2023

**2) FTSL**

(1)	Name	Ferrotec (Zhejiang) Information Technology Co., Ltd. (FTSL)			
(2)	Location	No.309, Iugu Avenue, Nanmingshan Street, Liandu District, Lishui City, Zhejiang Province, People's Republic of China			
(3)	Title and name of representative	He Xian Han, Representative Director			
(4)	Business Content	Manufacturing and sale of electronic materials, such as sensors, development of related technologies, etc			
(5)	Capital	2 billion yuan (approx. 41.5 billion yen) *1 Chinese yuan = 20.75 yen * 50 million yuan (approx. 1 billion yen) at the time of establishment			
(6)	Establishment	November 27, 2023			
(7)	Major shareholder and shareholding ratio (Change from the previous disclosure)	Shareholder		Shareholding ratio at the time of establishment	Shareholding ratio after completion of payment
		Shanghai Shenhe Investment Co., Ltd. (FTS)		100.0%	33.0%
		Ferrotec Holdings Corporation		-	18.0%
		Lishui Nancheng New District Investment and Development Co., Ltd.		-	29.0%
		Lishui Gaoke Financial Investment Shareholding Company		-	20.0%
		*The shareholding by FTS was changed from 51.0% in the previous disclosure to an investment by the Company and its subsidiary FTS.			
(8)	Relationship between the subsidiary and the Company	Capital relationship	A subsidiary 100% of whose voting rights are owned by FTS, a consolidated subsidiary of the Company		
		Personal relationship	Two directors of the Company concurrently serve as directors of the subsidiary.		
		Business relationship	None applicable		

**3. Outline of the capital investors (enterprises in which Lishui City invested)****1) Lishui Nancheng New District Investment and Development Co., Ltd.**

(1)	Name	Lishui Nancheng New District Investment and Development Co., Ltd.
(2)	Location	Lishui City, Zhejiang Province, People's Republic of China
(3)	Legal representative	Zhang He Huan
(4)	Capital	300 million yuan (approx. 6.2 billion yen) *1 Chinese yuan = 20.75 yen
(5)	Establishment	July 13, 2010
(6)	Major shareholder and shareholding ratio	Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd: 100%

**2) Lishui Gaoke Financial Investment Shareholding Company**

(1)	Name	Lishui Gaoke Financial Investment Shareholding Company
(2)	Location	Lishui City, Zhejiang Province, People's Republic of China
(3)	Legal representative	Ying Qiao Jiang
(4)	Capital	1 billion yuan (approx. 20.8 billion yen) *1 Chinese yuan = 20.75 yen
(5)	Establishment	October 22, 2020
(6)	Major shareholder and shareholding ratio	Lishui Biologicial Industry Zone Management Committee: 100%

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**4. Scheduled date of conclusion of investment agreement**

December 18, 2023

**5. Future Outlook**

The impact on the business performance of the Company for the current fiscal year through this matter is expected to be minor. However, we will promptly disclose relevant items as soon as they are confirmed.