

Notice of the Start of Discussions about the Acquisition of Shares of a Subsidiary Manufacturing Power Semiconductor Substrates by Our Chinese Subsidiary Operating the Parts Cleaning Business

Ferrotec Holdings Corporation (Representative Director: He Xian Han; hereinafter “the Company”) announces that, at the meeting of the Board of Directors held today, Ferrotec (Anhui) Technology Development Co., Ltd. (hereinafter “FTSVA”), which is a consolidated subsidiary listed on ChiNext of the Shenzhen Stock Exchange, has resolved to start discussions about the acquisition of shares of Jiangsu Ferrotec Semiconductor Technology Co., Ltd. (hereinafter “FLH”), which is a subsidiary manufacturing insulated heat-dissipating substrates for power semiconductors. Details are as follows.

1. Outline of this matter

- At the meeting of the Board of Directors of FTSVA held today, FTSVA has decided to start discussing the plan in which FTSVA will purchase all shares of FLH by issuing the shares of FTSVA and new convertible bonds or paying cash (if necessary) to the shareholders of FLH (Shanghai Shenhe Investment Co., Ltd. (hereinafter “FTS”), which is a consolidated subsidiary of the Company, and a total of 60 shareholders) and procure funds through third-party allotment to less than 35 specific investors (hereinafter abbreviated as “the Transaction”).
- The Company and FTS are disclosing this matter, as FTSVA has decided to start discussing the Transaction at the meeting of the Board of Directors held today.
- The details of the Transaction are still to be determined, and audits and evaluations for the Transaction are still to be completed, so FTSVA has not held a general meeting of shareholders. Accordingly, FTSVA has decided to hold a meeting of the Board of Directors after completing the audits and evaluations to deliberate the items related to the Transaction, send notifications on the convocation and holding of a general meeting of shareholders to the shareholders of FTSVA in accordance with legal procedures, and request them to discuss proposals regarding the Transaction at said meeting of shareholders.
- The Transaction requires an approval from the Shenzhen Stock Exchange and a registration approval from the China Securities Regulatory Commission, but it is still unclear whether an approval from the authorities can be obtained and when the approval will be granted.

2. Progress, etc.

- It has been confirmed that the Transaction falls under “Restructuring of important assets and related transactions” defined in the regulations of the stock exchange on which FTSVA is listed (namely, “Regulations for listing on ChiNext of the Shenzhen Stock Exchange” and “Guideline No. 6 for autonomously overseeing and managing companies listed on the Shenzhen Stock Exchange”: Suspension and resumption of trading) and the Transaction does not fall under transactions that require the restructuring and listing.
- For this matter, FTSVA submitted an application for the suspension of trading of shares of FTSVA on ChiNext from Thursday, September 26, 2024 to the stock exchange in accordance with the regulations, in order to secure fair information disclosure, protect the profits of investors and avoid causing serious effects on the share price of FTSVA while considering the uncertainty in the Transaction.
- The proposals regarding the Transaction were approved at the meetings of the Board of Directors and the board of auditors held on October 16, 2024, so the trading of shares of FTSVA is scheduled to be resumed on Thursday, October 17, 2024 in response to FTSVA’s application submitted to the stock exchange, in accordance with the regulations of the stock exchange.

3. Overview of the subsidiary

(1) FTSVA as of September 30, 2024

(1)	Name	Ferrotec (Anhui) Technology Development Co., Ltd. (FTSVA)	
(2)	Address	18 NanHai Road, Jinqiao Economic Development Zone, Tongling City, Anhui Province, People’s Republic of 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 FPDs	
(5)	Capital	338,390,000 yuan (approx. 6.9 billion yen) (1 Chinese yuan = 20.46 yen)	
(6)	Date of establishment	December 26, 2017	
(7)	Major shareholders and shareholding ratio	Shanghai Shenhe Investment Co., Ltd. (FTS)	Shareholding ratio 50.23%

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(8)	Relationship between FTSVA and the company	Capital relationship	FTSVA is a subsidiary, 50.23% of whose voting rights are held by FTS, which is a consolidated subsidiary of the Company.
		Personnel relationship	Representative Director of the Company concurrently serves as the director of FTSVA.
		Business relationship	None applicable

(2) FLH as of September 30, 2024

(1)	Name	Jiangsu Ferrotec Semiconductor Technology Co., Ltd. (FLH)	
(2)	Address	No.18 Hongda Road, Chengdong New District, Dongtai City, Jiangsu Province, People's Republic of China	
(3)	Title and name of representative	He Xian Han, Representative Director	
(4)	Contents of business	Manufacture and sale of power semiconductor substrates	
(5)	Capital	417,074,000 yuan (approx. 8.5 billion yen) (1 Chinese yuan = 20.46 yen)	
(6)	Date of establishment	March 16, 2018	
(7)	Major shareholders and shareholding ratio		Shareholding ratio
		Shanghai Shenhe Investment Co., Ltd. (FTS)	55.11%
(8)	Relationship between FLH and the company	Capital relationship	FLH is a subsidiary, 55.11% of whose voting rights are held by FTS, which is a consolidated subsidiary of the Company.
		Personnel relationship	Representative Director of the Company concurrently serves as the director of FLH.
		Business relationship	None applicable

3. Future outlook

The impact on the business performance of the Company for the current fiscal year through this matter is not yet determined. However, we will promptly disclose relevant items as soon as they are confirmed.