

Notice of Changes of the Market for Listing Application and the Listing Advisory Contract Partner by Subsidiary that Manufactures Components for Semiconductor Manufacturing (Quartz Crucibles and Silicon Parts)

Ferrotec Holdings Corporation (Representative Director: He Xian Han; hereinafter “the Company”) announces that, at the meeting of Board of Directors held today, we resolved to to change the market for listing application and the listing advisory contract partner for Ningxia Dunyuan Juxin Semiconductor Technology Co., Ltd. (hereinafter “FTNC”), the Company’s subsidiary which manufactures components for semiconductor manufacturing (quartz crucibles and silicon parts), which is aiming to be listed in China. Details are as follows.

1. Description and reason for the changes

	Changes	Before the change	After the change
(1)	Market for listing application	The Science and Technology Innovation Board of the Shanghai Stock Exchange (hereinafter “the STAR Market”)	Main-Board Market of the Shenzhen Stock Exchange (hereinafter “the SZSE Main Board”)
(2)	Listing advisory contract partner	Everbright Securities Co., Ltd. (hereinafter “Everbright Securities”)	Orient Securities Investment Banking Co., Ltd. (hereinafter “Orient Securities Investment Banking”)

(1) Change of the market for listing application

•FTNC initially aimed to be listed on the STAR Market. However, as a result of an evaluation, we determined that it would not be able to immediately fulfill one of the listing requirements set by the STAR Market, “Research and development personnel account for at least 10% of the total number of employees.”

The reason behind this is because FTNC’s business has been very strong and we have been greatly increasing production personnel to meet the customers’ demand for increased production. Therefore, we expect to continue to increase the number of production personnel going forward.

•After discussing with advisors on the ChiNext of the Shenzhen Stock Exchange (hereinafter, “the ChiNext”) and the SZSE Main Board in the process of reviewing the change of the listing market, we decided to change our plan and submit a listing application to the SZSE Main Board based on our assessment of the situation as follows:

- The SZSE Main Board has a more rigorous review process than the ChiNext. However, FTNC has strong business performance and satisfies the primary requirement of the SZSE Main Board to have “a positive net income for three consecutive years,” along with other requirements. Therefore, FTNC can apply to be listed on both the SZSE Main Board and the ChiNext (other IPO companies cannot meet the profitability standard, so they have no choice but to select the ChiNext).
- The number of the companies applying for IPO on the SZSE Main Board as of August 2022 is about half of the number of companies applying for IPO on the ChiNext. In terms of waiting time, we can expect to shorten the time required for listing procedures as long as the requirements are satisfied.

(2) Change of the listing advisory contract partner

•The reason for the change is that there was a change in the organizational structure of Everbright Securities, the initial listing advisor, and upon switching the listing market to the SZSE Main Board with a more rigorous review process, we determined that it would be appropriate to retain Orient Securities Investment Banking for FTNC as an advisor, as Orient Securities Investment Banking carries out more robust investment banking.

2. Overview of the listing advisory contract partner after the change

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(1)	Name	Orient Securities Investment Banking Co., Ltd. (a subsidiary of Orient Securities listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange)
(2)	Address	24 th Floor, 318 Zhongshan South Road, Huangpu District, Shanghai, China
(3)	Title and name of representative	Jin Wen Zhong, Representative Director
(4)	Contents of business	Securities underwriting, sponsor business, and other business approved by the China Securities Regulatory Commission
(5)	Capital	800 million yuan (approx. 16.6 billion yen) *1 Chinese yuan = 20.74 yen
(6)	Date of establishment	June 4, 2012

3. Overview of the subsidiary to be listed as of June 30, 2022

(1)	Name	Ningxia Dunnyuan Juxin Semiconductor Technology Co., Ltd. (FTNC)	
(2)	Address	23 Guangming West Road, Yinchuan Technological and Economic Development Zone, Ningxia, China	
(3)	Title and name of representative	He Xian Han, Representative Director	
(4)	Contents of business	Manufacture and sale of components for semiconductor manufacturing (quartz crucibles and silicon parts)	
(5)	Capital	187,144,000 thousand yuan (approx. 3.9 billion yen) *1 Chinese yuan = 20.74 yen	
(6)	Date of establishment	April 20, 2011	
(7)	Major shareholders and shareholding ratio	Hangzhou Dahe Thermo-Magnetics Co., Ltd. (FTH, a wholly owned consolidated subsidiary of the Company): 60.13%	
(8)	Relationship between FTNC and the company	Capital relationship	FTNC is a subsidiary, 60.13% of whose voting rights are held by FTH, a consolidated subsidiary of the Company.
		Personnel relationship	One director of the Company concurrently serves as the director of FTNC.
		Business relationship	Nothing is applicable.

4. Future outlook and forecast

FTNC plans to submit a listing application between October and December 2022.

The impact on the consolidated 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.