

February 19th, 2019
NIKKISO CO., LTD.

Notice on the Status of the Establishment of the Deep UV-LED Business Joint-venture Company and its Future Business Activities (Changes and Follow-up)

As announced in the “Notice regarding Execution of the Joint Venture Agreement on UV-LED business” on January 25, 2017, Nikkiso Co., Ltd. (“NIKKISO”) and our subsidiary, Nikkiso Giken Co., Ltd. (“GIKEN”) entered into a joint venture agreement with Formosa Plastic Group (“FPG”), and we have been taking steps to prepare for establishing the deep UV-LED business joint-venture company. Status until the present, future business activities, and outline of the joint-venture company (“JVC”) are outlined below. The changes made following the notice of January 25, 2017 are underlined.

1. Status to the present

We have been taking steps to prepare for establishing JVC with FPG, aiming to supply high-performance and inexpensive deep UV-LEDs to the market.

FPG’s subsidiary, which is the joint-venture company’s predecessor, was established in July 2018, and it is applying for permissions and approvals related to the antitrust laws of various countries (expected to be acquired by June 2019). Although the joint-venture company plans to start business activities once it is established, upon obtaining the aforementioned permissions and approvals, steps are being taken to prepare for business activities.

2. Future business activities

Deep UV-LED is expected to be useful in a wide range of fields, such as environmental sanitation and medical care, because it has shorter wavelengths than regular ultraviolet light and has a high bactericidal effect on water and air.

The Company has been engaged in research and development in the field of water disinfection, which has growth potential, and has succeeded in developing water disinfection modules that perform on a par with mercury lamp products.

With an increasing number of inquiries from customers who are considering switching over from mercury lamp products to deep UV-LED-based products with 2020 as the target year, due partly to the entry into force of the Minamata Convention on Mercury in 2017, water disinfection modules have potential applications for disinfecting beverages, food, pharmaceutical products, water for semiconductor manufacturing, small water-supply systems, and drinking water in an emergency, etc. We will also pursue development proposals for specific deep UV-LED-based products in existing business segments of the medical and aerospace fields.

JVC, when established, will work to reduce manufacturing costs and further improve the performance of components and modules by combining NIKKISO’s expertise in development, technology, and manufacturing with FPG’s strengths in low-cost mass-production technology and its expertise. Regarding product development, JVC will accelerate product development in wide-ranging fields by expanding the lineup of

products for general consumers, such as humidifiers and devices for disinfecting drinking water, in addition to business-oriented products, where NIKKISO's strengths lie.

3. Outline of the JVC

	Previous notice (January 25,2017)	This notice
(1) Company Name	Nikkiso Formosa Co., Ltd.	<u>NKFG Corporation</u>
(2) Address of Headquarters	Touliu, Yunlin County, Taiwan	<u>Taipei, Taiwan</u>
(3) Title and Name of Representative	To be determined	<u>Chairman & President Wilfred Wang</u>
(4) Business Description	Manufacturing and sale of deep UV-LED components, instrument and equipment which UV-LED component is used for	Manufacturing and sale of deep UV-LED components, instrument and equipment which UV-LED component is used for
(5) Capital	Taiwan dollars equivalent to 4 billion yen (at incorporation / finally, Taiwan dollars equivalent to 8 billion yen)	Taiwan dollars equivalent to <u>8</u> billion yen
(6) Date Established	July, 2017 (Scheduled)	<u>July 2019 (Scheduled)</u>
(7) Net assets	Taiwan dollars equivalent to 4 billion yen	Taiwan dollars equivalent to <u>8</u> billion yen
(8) Total assets	Taiwan dollars equivalent to 4 billion yen	Taiwan dollars equivalent to <u>8</u> billion yen
(9) Fiscal year-end	December 31	December 31
(10) Shareholders and Percentage of Shares Held	Nikkiso Co., Ltd. 51% Formosa Plastic Group 49%	Nikkiso Co., Ltd. <u>50%</u> Formosa Plastic Group <u>50%</u>
(11) Relationship with Nikkiso		
Capital relationship	To hold 51% interests of JVC	To hold <u>50%</u> interests of JVC
Personal relationship	To dispatch three board member from Nikkiso Co., Ltd. to JVC	To dispatch three board member from Nikkiso Co., Ltd. to JVC
Business relationship	Sale of i) deep UV-LED components manufactured by Nikkiso Co., Ltd. and ii) instrument and equipment which UV-LED component is used for, from Nikkiso Co., Ltd. to JVC	<u>Sale of deep UV-LED components from Nikkiso Co., Ltd. to JVC</u>

4. Future outlook

The impacts of this matter on the Company's consolidated business results for the period-ending December 2019 are currently under close examination and will be disclosed as soon as they are finalized. The said JVC will become an equity-method affiliate of the Company after its establishment.

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