

May 15th, 2019
NIKKISO CO., LTD.

Notice regarding Execution of Supplemental Agreement on the Establishment of the Deep UV-LED Business Joint-Venture Company (Changes and Follow-up)

As announced in the “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)” on February 19, 2019, Nikkiso Co., Ltd. (“NIKKISO”) and its consolidated 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.

The Board of Directors resolved at its meeting today to enter into a supplemental agreement on the establishment of the deep UV-LED business joint-venture company (“JVC”) as follows.

1. Outline of the supplemental agreement on the establishment of the JVC

As announced in the notice dated February 19, 2019, NIKKISO and FPG will invest Taiwan dollars equivalent to a total of 8 billion yen in the JVC. The timing and amount of investment are set as shown below.

<Timing and amount of investment by NIKKISO and FPG in the JVC>

	NIKKISO	FPG
By June 30, 2019	Amount equivalent to 3 billion yen	Amount equivalent to 3 billion yen
By March 31, 2020	Amount equivalent to 1 billion yen	Amount equivalent to 1 billion yen
Total	Amount equivalent to 4 billion yen	Amount equivalent to 4 billion yen

FPG’s subsidiary, which is the JVC’s predecessor, was established in July 2018 and it has acquired permissions and approvals related to the antitrust laws of various countries. By setting the timing of investment under the supplemental agreement on the establishment of the JVC, we are aiming to promptly establish the JVC (scheduled for the end of June 2019).

NIKKISO, GIKEN and the JVC will enter into a license agreement, a development subcontract agreement and a supply agreement with respect to the intellectual property rights, technologies, research and development results, the parts, components, and materials that the JVC will be using.

2. Outline of the JVC

	Previous notice (February 19,2019)	This notice
(1) Company Name	NKFG Corporation	NKFG Corporation
(2) Address of Headquarters	Taipei, Taiwan	Taipei, Taiwan
(3) Title and Name of Representative	Chairman & President Wilfred Wang	Chairman & President Wilfred Wang
(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 8 billion yen	Taiwan dollars equivalent to 8 billion yen <u>(After completion of investment at the end of March 2020)</u>
(6) Date Established	July 2019 (Scheduled)	<u>June 2019 (Scheduled)</u>
(7) Net assets	Taiwan dollars equivalent to 8 billion yen	Taiwan dollars equivalent to 8 billion yen <u>(After completion of investment at the end of March 2020)</u>
(8) Total assets	Taiwan dollars equivalent to 8 billion yen	Taiwan dollars equivalent to 8 billion yen <u>(After completion of investment at the end of March 2020)</u>
(9) Fiscal year-end	December 31	December 31
(10) Shareholders and Percentage of Shares Held	Nikkiso Co., Ltd. 50% Formosa Plastic Group 50%	Nikkiso Co., Ltd. 50% Formosa Plastic Group 50%
(11) Relationship with Nikkiso		
Capital relationship	To hold 50% interests of JVC	To hold 50% 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 <u>In addition, Nikkiso to dispatch one member of its Audit & Supervisory Board</u>
Business relationship	Sale of deep UV-LED components from Nikkiso Co., Ltd. to JVC	Sale of deep UV-LED components from Nikkiso Co., Ltd. to JVC

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.

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