



May 18, 2018

To whom it may concern:

Company Name: MEC COMPANY LTD.  
Representative: President & CEO Kazuo MAEDA  
(Securities Code: 4971)  
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### **Considering establishment of a subsidiary in China**

We hereby notify you that at a meeting of the board of directors held on May 18, 2018, the Company resolved to begin considering the establishment of a subsidiary in China. The details are as follows.

1. Reason for establishing the subsidiary

Our chemicals are widely used in processes for manufacturing electronic substrates that in turn are used in items such as information and communication equipment, digital home appliances, cars, and medical inspection instruments. We anticipate an increase in demand for our chemicals due to the expansion of the electronic substrate industry in China. Hence, we decided to begin considering the establishment of a subsidiary that would have about three times the production capacity of MEC CHINA SPECIALTY PRODUCTS (SUZHOU) COMPANY LTD., our subsidiary in the East China area.

If we establish the subsidiary, we plan to then consider closing MEC CHINA SPECIALTY PRODUCTS (SUZHOU) COMPANY LTD. after transferring its functions to the new entity.

2. Overview of the subsidiary (plan)

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|---------------------------|--|
| (1) Name                  | MEC CHINA SPECIALTY PRODUCTS (CHANGSHU) COMPANY LTD.   |
| (2) Location              | Changshu, Jiangsu Province, People's Republic of China   |
| (3) Business description: | Manufacture and sale of chemicals for use in manufacturing printed boards and electronic parts |
| (4) Investment ratio:     | The Company 100%   |
| (5) Date of establishment | March 31, 2019 (planned)   |

3. Future outlook

We believe that the impact of this establishment on our earnings forecast for the current consolidated fiscal year is insignificant at this time.

However, we will promptly disclose information on whether or not the earnings forecast needs to be amended and any other matters that need to be disclosed in the future.