

September 20, 2018

To Whom It May Concern

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

Regarding the notice "Considering establishment of a subsidiary in China" announced on May 18, 2018, we hereby notify you that at a meeting of the board of directors held today, September 20, 2018, the Company resolved to establish 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 establish 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.

We plan to consider closing MEC CHINA SPECIALTY PRODUCTS (SUZHOU) COMPANY LTD. after transferring its functions to the new entity.

#### 2. Overview of the subsidiary to be established

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|----------------------------|---|
| (1) Name:                  | MEC CHINA SPECIALTY PRODUCTS<br>(CHANGSHU)COMPANY LTD. (planned)  |
| (2) Location:              | Changshu Advanced Materials Industrial Park<br>(address not yet finalized)                                |
| (3) Representative:        | Kazuo MAEDA   |
| (4) Business description:  | Manufacture and sale of chemicals for use in<br>manufacturing printed circuit boards and electronic parts |
| (5) Capital:               | 1,800 million yen (planned)   |
| (6) Date of establishment: | November 2019 (planned)   |
| (7) Start of operations:   | October 2021 (planned)  |
| (8) Investment ratio:      | The Company 100%  |
| (9) End of fiscal year:    | December  |

## Translation

### 3. Future outlook

We believe the impact that this establishment would have on the earnings forecast for the current consolidated fiscal year is insignificant at this time. In addition, we will promptly disclose information about whether an amendment is necessary from now on and any matters that should be disclosed.