



December 1, 2017

Company name: RS Technologies Co.,Ltd.
Representative: Nagayoshi HO, President & CEO
Listing: Tokyo Stock Exchange (1st)
Stock code: 3445
Contact: Masayuki Suzuki, CFO
Tel: +81-3-5709-7685

Announcement for consolidated subsidiary company of 有研半導體材料有限公司

RS Technologies (RS) announced the joint-venture contract with GRINM (General Research Institute for Nonferrous Metals) and FUJIAN KURAMOTO on 1st Dec, 2018 to set up a new company BGRS (Beijing GRINM RS Semiconductor Materials Co., Ltd.) which will, then, own the 100% of GRITEK, a silicon ingot and wafer manufacturing subsidiary of GRINM.

1. Brief summary of RS Technologies

RS Technologies had taken over silicon wafer reclaim service business from RASA Industry in December 2010. RASA industry was providing silicon wafer reclaim service for 25 years, but decided to exit from the business in August 2010.

RS reclaims silicon wafers from 5” to 18”. The sister company, RS Taiwan Factory, also reclaims 12” silicon wafers.

Reclaim capacity is stated below and all the capacities are fully loaded.

RS Japan, Sanbongi Factory : 12” 200k/month, 5”-8” 140k/month • RS Taiwan Factory : 12” 100k/month

We believe to have the following merits by the joint-venture.

- The established credibility and fame of GRINM will make the entry to prime silicon wafer business and expansion of our reclaim silicon wafer business to Chinese semiconductor companies relatively easy.
- By keeping GRINM, a China’s state-owned company, as the major share-holder, the JV will benefit from government initiating investment program to the Chinese semiconductor material industry.
- Through the JV, we will highten our tie with ICMtia, a Chinese semiconductor consortia. This will enable RS’s another piollar of business, the sales of semiconductor equipment and materials to China market.
- RS already has partnership relations with nearly all global semiconductor companies. This will enable the JV to expand the sales of a silicon wafers to all over the world.

2.Outline of the Agreement

For the joint venture, RS Technologies invests about \$ 62 Million USD, Fujian Kuramoto invests about \$ 8 Million USD, and GRINM transfers 100% ownership of GRITEK. RS Technologies owns the 45%, Fujian Kuramoto 6%, GRINM 49%. The monetary investments by RS Technologies and Fujian Kuramoto will be used to fund the new capital investment. RS Technologies is scheduled to borrow the required fund from banks. The investment will be carried out in several phases.

Summary of BGRS, GRINM, GRITEK, and FUJIAN KURAMOTO

① General information of BGRS

(1)Company name	北京有研 RS 半導體材料有限公司 (Beijing GRINM RS Semiconductor Materials Co., Ltd.)
(2)Location	Beijing Linhe Industry Development Zone
(3)President and CEO	方永義 (Nagayoshi Ho) Our company CEO
(4)Business area	Development and selling the material of semiconductors and machines. Technical support in the area of the semiconductor industry.

	Export and import service.
(5)Capital fund	\$138million in US dollars.
(6)Date of establishment	After January 2018.
(7)Fiscal year	December
(8)Share-holding	RS Technologies: 45% GRINM:49% Fujian Kuramoto: 6%

② General information of FUJUAN Kuramoto

(1) Company name	福建倉元投資有限公司
(2) Location	Fujian, Fuzhou
(3) President and CEO	Xie Xiuqin
(4) Business area	Investment business
(5) Capital fund	50million in Chinese yuan

③ General information of GRINM

(1) Company name	北京有色金屬研究總院 (General Research Institute for Nonferrous Metals)
(2) Location	Beijing Linhe Industry Development Zone
(3) President and CEO	張少明
(4) Business area	Research in the non-metal area.
(5) Capital fund	1,399 million in Chinese yuan
(6) Date of establishment	March 20 th , 1993
(7) Brief for information	General Research Institute for Nonferrous Metals (GRINM) has been devoting to the R&D of nonferrous metals materials and technology since her establishment in 1952 and facilitated to build up the rare metals industry system across China. As the largest R&D institution in the field of nonferrous metals industry in China, GRINM was transformed from a pure R&D institute to an enterprise in year 2000 and hence has become a modern research company with Chinese characteristics.

④ General information of GRITEK (as of 30th Sep, 2017)

(1) Company name	有研半導體材料有限公司
(2) Location	Beijing Linhe Industry Development Zone
(3) President and CEO	周旗鋼
(4) Business area	Production, selling, and development of silicon wafers, CZ, and FZ ingots.
(5) Capital fund	851 million in Chinese yuan
(6) Date of establishment	June 21, 2001
(7) Share-holding	GRINM (100%)

(8) Capacity of monthly production	250,000 wafers in 5 , 6, and 8 inches. 17 tons of CZ and FZ ingots.		
(9) Consolidated management performance and statement of GRITEX for three years.			
Fiscal year	December, 2015	December, 2016	December, 2017 Total in the third quarter.
Net asset	347 million in Chinese yuan	318 million in Chinese yuan	348 million in Chinese yuan
Total asset	619 million in Chinese yuan	564 million in Chinese yuan	581 million in Chinese yuan
Net sales	321 million in Chinese yuan	329 million in Chinese yuan	360 million in Chinese yuan
Operating profit	Δ100 million in Chinese yuan	Δ 45 million in Chinese yuan	28 million in Chinese yuan
Ordinary income	Δ99 million in Chinese yuan	Δ 44 million in Chinese yuan	30 million in Chinese yuan
Net income	Δ98 million in Chinese yuan	Δ45 million in Chinese yuan	30 million in Chinese yuan

3. Future prospects of joint venture (BGRS)

GRITEK plans to invest and start a new production by December 2019 (through December 2022), in Tangshan City (Hebei province) on about 150,000 m² land (leased and infrastructure ready to go) and in about 50,000 m² building (main structure are already built). We plan to invest in new crystals growing and wafering equipment, and may transfer some current facilities and equipment. The plan calls for the total 8" production capacity of 350,000 wafers per month, which is 7 times of the current capacity. Please refer to a separate release of "Establishment of a joint venture company for China PRIME Wafer business" which discloses BGRS business plan for each year.

4.Planned Schedule

(1) Resolution of board directors	After December 1 st , 2017
(2) Conclusion of a contract	After December 1 st , 2017
(3) Establishment of a joint company	After January, 2018
(4) Capital injection	After January, 2018

5. Future prospects

Since the completion of this procedure is scheduled for the next term, it is not expected to have any impact on the business forecast for the current fiscal year. The schedule delay might be possible depending on the judgment of Chinese authorities for this JV.

Regarding the consolidated financial prospect for the next fiscal year, we will disclose it promptly as soon as it is determined based on the impact of this matter.

End

Contact:
Corporate IR Department
RS Technologies Co.,Ltd.
TEL:+81-3-5709-7685
E-mail:ir@rs-tec.jp