



December 25, 2020

Notice on the Reformation of Consolidated Subsidiaries in China and Change of Specified Subsidiaries

Company name : **SMC Corporation**
Stock exchange listing : Tokyo Stock Exchange first section
Security code : 6273
URL : <https://www.smcworld.com/ir/en/>
Representative : Katsunori Maruyama, President
Contact person : Akinori Kato, General Manager of Corporate Communications Office

SMC Corporation (hereinafter “SMC”) announces that it has determined today, to reform its subsidiaries and to newly establish a holding company and a sales headquarter company in China.

Since the share capital of the new holding company and the new sales headquarter company expects to exceed 10/100 of SMC’s share capital, both companies shall apply as specified subsidiaries of SMC.

1. Overview of the reformation of subsidiaries in China

- (1) Newly establishing a holding company “SMC Investment Management China Co., Ltd.” (hereinafter “SMC Investment Management China”).
- (2) Newly establishing a sales headquarter company “SMC Automation China Co., Ltd.” (hereinafter “SMC Automation China”).
- (3) Existing SMC’s 4 consolidated subsidiaries in China (SMC China, SMC Beijing Manufacturing, SMC Tianjin Manufacturing and SMC Guangzhou) and SMC Automation China are to become as subsidiaries of SMC Investment Management China, a holding company. (All shares of the above 5 subsidiaries held by SMC are to be contributed in kind to SMC Investment Management China)
- (4) Separated sales functions in China (belonged to SMC China and SMC Guangzhou) are to be integrated under SMC Automation China.

2. Purpose of the reformation

SMC will continue to invest its management resources aggressively in China, which is the biggest growing market in the world.

This reformation will take in place for the purpose of steadily increasing the market share and further expanding the business in China with the following measures: -

- (1) Funds earned by each subsidiary in China are to be dividend and accumulated under the holding company SMC Investment Management China in order to invest more flexibly in the growing China market.
- (2) Sales functions of SMC China and SMC Guangzhou are to be integrated under the sales headquarter company SMC Automation China in order to pursue more unified and strategical sales activities and customer services across China.

3. Overview of the new holding company (specified subsidiary)

(1) Name	SMC Investment Management China Co., Ltd.	
(2) Address	7 Wan Yuan Street, Beijing Economic & Technological Development Zone	
(3) Representative	Chairman Masahiro Ota (Director and Executive officer, and General Manager of Finance & Accounting Division of SMC)	
(4) Nature of Business	Business management and fund management of the subsidiaries in China	
(5) Share capital	RMB 220 million (approx. JPY 3.3 billion) *Planned to increase its share capital to JPY 85 billion by the end of March, 2021.	
(6) Date of establishment	December, 2020 (plan)	
(7) Major shareholders and shareholding ratio	SMC Corporation (100%)	
(8) Relationship with SMC	Capital ties	SMC will hold a 100% share in the company.
	Personnel ties	2 directors of SMC will concurrently serve as the company's directors.
	Business ties	SMC is planning to entrust the management of the subsidiaries in China to the company.

4. Overview of the new sales headquarter company (specified subsidiary)

(1) Name	SMC Automation China Co., Ltd.	
(2) Address	A2, Xing sheng street, BDA, Beijing Economic & Technological Development Zone	
(3) Representative	Chairman Yoshiki Takada (Executive Vice President of SMC)	
(4) Nature of Business	Sales of automatic control equipment	
(5) Share capital	RMB 100 million (approx. JPY 1.5 billion) *Planned to increase its share capital to JPY 32 billion by the end of March, 2021.	
(6) Date of establishment	December, 2020 (plan)	
(7) Major shareholders and shareholding ratio	SMC Corporation (100%)	
(8) Relationship with SMC	Capital ties	SMC will hold a 100% share in the company. The company is planned to become a 100% subsidiary of SMC Investment Management China.
	Personnel ties	2 directors and 1 employee of SMC will concurrently serve as the company's directors.
	Business ties	SMC is planning to sell its products to the company.

6. Impact on the sales and future outlook

Impact on SMC's consolidated operating results will be minor.

Since authorizations from the Chinese authorities will be required for this reformation and increases in share capital, it may not proceed as planned. If there should be any important changes or delays in the plan, SMC will announce without delay.

End