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News release



[Translation]
March 19, 2021

Company name: Sanden Holdings Corporation
Representative: Katsuya Nishi, Representative Director &
President
(Securities code: 6444 TSE First Section)
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(Update and Progress of a Disclosure Matter) Issuance of New Shares through Third-Party Allotment and Shelf Registration in respect of Issuance of New Shares, Partial Amendment to the Articles of Incorporation and Expected Changes in Parent Company and Largest Shareholder among the Major Shareholders

In the notice titled “Issuance of New Shares through Third-Party Allotment and Shelf Registration in respect of Issuance of New Shares, Partial Amendment to the Articles of Incorporation and Expected Changes in Parent Company and Largest Shareholder among the Major Shareholders” dated March 1, 2021, Sanden Holdings Corporation (hereinafter referred to as the ‘Company’) announced that it would issue new shares of common stock of the Company through third-party allotment (hereinafter referred to as the ‘Capital Increase through Third-Party Allotment’) to a special purpose company (hereinafter referred to as the ‘Planned Allottee’) to be incorporated by Hisense Home Appliances Group Co., Ltd. (hereinafter referred to as ‘Hisense Home Appliances Group’). In connection with this, the Company hereby announces that the Planned Allottee was incorporated and the contractual status of Hisense Home Appliances Group under a share purchase agreement (hereinafter referred to as the ‘Share Purchase Agreement’) entered into between the Company and Hisense Home Appliances Group and all of its rights and obligations thereunder were transferred to the Planned Allottee as of March 19, 2021.

For the details of the Capital Increase through Third-Party Allotment, please refer to

the notice titled “Issuance of New Shares through Third-Party Allotment and Shelf Registration in respect of Issuance of New Shares, Partial Amendment to the Articles of Incorporation and Expected Changes in Parent Company and Largest Shareholder among the Major Shareholders” dated March 1, 2021.

1. Outline of the Planned Allottee

(1) Name	Hisense Japan Automotive Air-Conditioning Systems Corporation
(2) Address	Shin-Kawasaki Mitsui Building West Tower 1-1-2 Kashimada, Saiwai-ku, Kawasaki-shi Kanagawa, Japan
(3) Name and title of representative	Representative Member: Kelon Development Company Limited Executive Manager: Yuan Hongwei
(4) Description of business	Manufacture, sale, import, and export of automotive air-conditioning system, automotive air-conditioning compressor and automotive electronics, business management of subsidiaries and related operations
(5) Stated capital	1 yen
(6) Date of incorporation	March 9, 2021
(7) Number of issued shares	—
(8) Fiscal year end	December 31
(9) Number of employees	0
(10) Main business partners	Not applicable
(11) Main banks	Not applicable
(12) Major investors and holding ratio	Kelon Development Company Limited: 100%
(13) Relationship between the parties	
Capital relationship	Not applicable
Personnel relationship	Not applicable
Business relationship	Not applicable
Status as a related party	Not applicable

- (Notes) 1. Since the Planned Allottee was incorporated on March 9, 2021, there is no financial information during most-recent three (3)-year period.
2. The Company requested JP Research & Consulting, Inc. (Address: Toranomom Annex 6F, 3-7-12, Toranomom, Minato-ku, Tokyo, Representative: Keisuke Furuno, Representative Director), a third party research institution, to investigate whether or

not Hisense Home Appliances Group and Kelon Development Company Limited (a direct wholly-owned subsidiary of Hisense Home Appliances Group), which directly incorporated the Planned Allottee, or their directors or major equity investors including their major shareholders (the same applies hereinafter) (hereinafter referred to as 'Hisense and Affiliates') is a member of antisocial forces and whether or not Hisense and Affiliates have any relationship with antisocial forces. The investigation report that the Company received states that none of Hisense and Affiliates is a member of antisocial forces and has relationship with any antisocial forces. In addition, Hisense Home Appliances Group made representations and warranties to the Company to the effect that, in the Share Purchase Agreement, none of Hisense and Affiliates is a member of antisocial forces and has relationship with antisocial forces, and the Planned Allottee made representations and warranties to the Company to the same effect upon the transfer of the contractual status of Hisense Home Appliances Group under the Share Purchase Agreement and all of its rights and obligations thereunder to the Planned Allottee after its incorporation.

Therefore, the Company believes that none of Hisense and Affiliates is a member of antisocial forces and has relationship with any antisocial forces. Furthermore, the Company submitted to the Tokyo Stock Exchange the certificate of confirmation to the effect that the Company believed that none of Kelon Development Company Limited or its directors or major equity investors is a member of antisocial forces and has relationship with any antisocial forces.

After the incorporation of the Planned Allottee, the Company also requested JP Research & Consulting, Inc. to investigate whether or not the Planned Allottee or its directors or major equity investors (hereinafter referred to as 'Planned Allottee and Affiliates') is a member of antisocial forces and whether or not the Planned Allottee and Affiliates have any relationship with antisocial forces. The investigation report that the Company received states that none of the Planned Allottee and Affiliates is a member of antisocial forces and has relationship with any antisocial forces. For these reasons, the Company believes that none of the Planned Allottee and Affiliates is a member of antisocial forces and has relationship with any antisocial forces, and the Company submitted the certificate of confirmation to that effect to the Tokyo Stock Exchange.

2. Confirmation of funds required for the Planned Allottee to make payment

Under the Share Purchase Agreement, Hisense Home Appliances Group made representations and warranties to the Company to the effect that the funds for the payment by the Planned Allottee would be secured by the day when the payment is made, and the Planned Allottee made representations and warranties to the Company to the same effect upon the transfer of Hisense Home Appliances Group's contractual status under the Share Purchase Agreement and all of its related rights and obligations thereunder to the Planned Allottee after its incorporation. The Planned Allottee was incorporated as a special purpose company by Hisense Home Appliances Group for the purpose of subscribing for the shares of common stock to be issued through the Capital

Increase through Third-Party Allotment. According to Hisense Home Appliances Group, Hisense Home Appliances Group will use its own funds for the payment of the Capital Increase through Third-Party Allotment. The Company confirmed the balance sheet as of the end of June 2020 as described in the Interim Report (FY2020) announced by Hisense Home Appliances Group, and that Hisense Home Appliances Group has sufficient fund. For these reasons, the Company concluded that there would be no obstacle to the payment of the Capital Increase through Third-Party Allotment.

3. Major Shareholders and Their Shareholding Ratios after the Offering

Before the Capital Increase through Third-Party Allotment (As of September 30, 2020)		After the Capital Increase through Third-Party Allotment	
BBH(LUX) FOR FIDELITY FUNDS PACIFIC FUND	7.66%	Hisense Japan Automotive Air-Conditioning Systems Corporation	74.88%
Sanden's Business Partner Share Holding Association	4.96%	BBH(LUX) FOR FIDELITY FUNDS PACIFIC FUND	1.93%
The Master Trust Bank of Japan, Ltd. (Trust Account)	4.00%	Sanden's Business Partner Share Holding Association	1.24%
Mizuho Bank, Ltd.	3.63%	The Master Trust Bank of Japan, Ltd. (Trust Account)	1.00%
The Gunma Bank, Ltd.	3.63%	Mizuho Bank, Ltd.	0.91%
Daido Life Insurance Company	2.47%	The Gunma Bank, Ltd.	0.91%
Custody Bank of Japan, Ltd. (Trust Account 5)	1.93%	Daido Life Insurance Company	0.62%
Custody Bank of Japan, Ltd. (Trust Account)	1.89%	Custody Bank of Japan, Ltd. (Trust Account 5)	0.48%
Japan Securities Finance Co., Ltd.	1.41%	Custody Bank of Japan, Ltd. (Trust Account)	0.48%
CLEARSTREAM BANKING S.A.	1.31%	Japan Securities Finance Co., Ltd.	0.35%

- (Notes) 1. The table above is based on the shareholder register as of September 30, 2020. The Company held 13,291 shares of treasury stock as of September 30, 2020, but they are excluded from the calculation of the above shareholding ratios.
2. The shareholding ratios of the major shareholders after the Capital Increase through Third-Party Allotment are calculated based on 111,693,313 shares, which number is obtained by adding the number of the shares of common stock (83,627,000 shares) to be newly issued through the Capital Increase through Third-Party Allotment, to the total number of issued shares (28,066,313 shares) as of September 30, 2020.

End