

Bolstering the Basis of Magnet Business in China

–Conversion of Zhejiang Aichi Mechanical & Electrical Co., Ltd. into a Consolidated Subsidiary–

Aichi Steel Corporation (President: Takahiro Fujioka) announces that it will underwrite a second capital increase of Zhejiang Aichi Mechanical & Electrical Co., Ltd.*¹ (Headquarters: Pinghu Economic Development Zone, Zhejiang Province, Chairperson: Liu Xingwei, hereinafter, “Zhejiang Aichi”), in which it has invested to strengthen the magnet business in China, in line with the company’s expansion of production, and will make Zhejiang Aichi a consolidated subsidiary.

In 2018, with expanding demand for magnet products in the Chinese market, Aichi Steel invested in Zhejiang Aichi with the aim of strengthening its stable supply structure. Then, in 2019, it undertook its first capital increase to increase production capacity.

In the latest capital increase, Aichi Steel will contribute 23.5 million yuan to Zhejiang Aichi’s existing capital of 41.5 million yuan, bringing Aichi Steel’s investment ratio to 56.6%.

Zhejiang Aichi’s main products include various motors for automobile seats and sunroofs, electric tools, and motorized beds for the domestic Chinese market.

Now, the new introduction of molding equipment will ensure that the company can handle production expansion of their customers in China.

Going forward, Zhejiang Aichi and Aichi Magfine Technology (Pinghu) Co., Ltd.*² will further strengthen their cooperation in order to provide stable quality and service to their customers. Furthermore, through continuous support to both companies, Aichi Steel will work to strengthen the production system and develop the market with the aim to enter the EV motor market, which is expected to grow in the future.

*1 Zhejiang Aichi Mechanical & Electrical Co., Ltd.: A magnet processing company for the dysprosium(Dy)-free bonded magnets (MAGFINE®), that contain no heavy rare earth, and which are mass produced by Aichi Steel. The company invested 9 million yuan (approx. 140 million yen) in February 2018, and made an additional investment of 8 million yuan (approx. 120 million yen) in March 2019 (total: 17 million yuan, approx. 260 million yen).

*2 Aichi Magfine Technology (Pinghu) Co., Ltd: Established in 2012, is a wholly owned subsidiary in Pinghu, Jiaxing, Zhejiang Province, the People’s Republic of China that sells MAGFINE® magnets.

[Outline of Zhejiang Aichi Mechanical & Electrical Co., Ltd.]

1. Company name: Zhejiang Aichi Mechanical & Electrical Co., Ltd
2. Location: 588-7-2 Xinhe Road, Pinghu Economic Development Zone, Zhejiang province, People’s Republic of China
3. Establishment: October 2016
4. Capital: 35 million yuan (approx. 540 million yen) (before capital increase)→ 41.5 million yuan (approx. 640 million yen) (after capital increase)
*Aichi Steel’s investment: (before capital increase) 17 million yuan (approx. 260 million yen) (after capital increase) 23.5 million yuan (approx. 360 million yen)
*Aichi Steel’s investment ratio: (before capital increase) Aichi Steel Corporation: 48.6%, Zhejiang Aichi Mechanical & Electrical Co., Ltd.: 51.4%
→(after capital increase) Aichi Steel Corporation: 56.6%, Zhejiang Aichi Mechanical & Electrical Co., Ltd.: 43.4%
5. Organization:
Chairperson: Liu Xingwei (Pinghu Geor Chi Electronics Co., Ltd.)
Vice-Chairperson: Katsunori Kojima (Director of Aichi Steel Corporation),
Hironari Mitarai (Executive Officer of Aichi Steel Corporation)
Chief Executive Officer: Tao Siwu (Employee of Aichi Steel Corporation)
Director: Chen Qinan(Pinghu Geor Chi Electronics Co., Ltd.)
Auditor: Xu Haiying(Geor Chi Electronics (Shanghai) Co., Ltd.), Masamiti Ogawa (Officer of Aichi Steel)
6. Employees: 50 (as of July 2020)
7. Main business: Bonded magnet MAGFINE® compression molding, injection formation
8. Production capacity: (before capital increase) monthly production 1.4 million units → (after capital increase) 1.6 million units (approx. 14% increase)