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To whom it may concern

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Notice Regarding Determination of Amount and Other Details of Remuneration Provided as Stock Options to Directors

Tosei Corporation (the “Company”) hereby announces that it resolved, at the meeting of the Board of Directors held on January 23, 2015, to submit the below-mentioned proposal regarding the determination of the amount and other details of remuneration provided as stock options to Directors for approval at the 65th Ordinary General Meeting of Shareholders to be held on February 25, 2015.

With regard to the amount of remuneration for directors of the Company (“Directors”), it was approved at the 57th Ordinary General Meeting of Shareholders held on February 27, 2007 that the total is set at ¥240 million or less per year (providing that this amount does not include salary portion to a director concurrently serving as employee). The Company requests that shareholders approve an issuance of stock acquisition rights as stock options within the range of ¥36 million per year in a framework as remuneration, etc. to be paid to Directors that is separate to the currently applied remuneration framework.

The amount of remuneration as stock options shall be the amount obtained by multiplying the fair value per one stock acquisition right to be allotted by the total number of stock acquisition rights to be allotted.

The number of Directors to whom this proposal shall apply is five persons (of whom two are Outside Directors).

1. Reason for issuing stock acquisition rights as remuneration for Directors

Stock acquisition rights shall be issued as stock options to Directors for the purpose of further incentivizing Directors to work for performance improvement and corporate value enhancement of the Company.

2. Details of stock acquisition rights

(1) Class and number of shares delivered upon exercise of stock acquisition rights

The upper limit on the total number of shares that Directors are entitled to have delivered upon exercise of the stock acquisition rights issued within the period ending one year after the date of the ordinary general meeting of shareholders of the Company (the “Ordinary General Meeting of Shareholders”) for each business year shall be 40,000 ordinary shares of the Company, and the

number of shares underlying each of the stock acquisition rights (the “Number of Shares Granted”) shall be 100 shares.

In the event that the Company conducts a share split (including allotment of shares without contribution) or a consolidation of shares of the ordinary shares, the number of shares delivered upon exercise of the stock acquisition rights shall be adjusted according to the following formula. However, the relevant adjustment shall only be made to the number of shares delivered upon exercise of stock acquisition rights that have not yet been exercised as of the relevant point in time. Any fraction less than one share resulting from this adjustment shall be rounded down.

$$\begin{array}{l} \text{Number of shares delivered} \\ \text{after adjustment} \end{array} = \begin{array}{l} \text{Number of shares delivered} \\ \text{before adjustment} \end{array} \times \begin{array}{l} \text{Ratio of share split} \\ \text{or consolidation} \end{array}$$

Furthermore, in the event that the Company conducts a merger, a company split or a share exchange, and in any event equivalent to these in which it becomes necessary to adjust the number of the shares delivered upon exercise of stock acquisition rights, the Company shall make the adjustment it deems necessary.

(2) Total number of stock acquisition rights

The upper limit on the total number of stock acquisition rights issued within the period ending one year after the date of the Ordinary General Meeting of Shareholders for each business year shall be 400 units.

(3) Amount to be paid in upon allotment of stock acquisition rights

The amount to be paid in upon the allotment of one stock acquisition right shall be an amount stipulated at a meeting of the Board of Directors based on the fair price of the stock acquisition right calculated when it is allotted.

In addition, the person to whom the stock acquisition right is allotted shall, in place of a cash payment, offset the payment obligation with remuneration receivable from the Company.

(4) Value of property to be contributed upon exercise of stock acquisition rights

The property to be contributed upon exercise of stock acquisition rights shall be money, and the value shall be an amount equal to the monetary value to be paid for one share to be delivered upon the exercise of the stock acquisition rights (“Exercise Value”) multiplied by the Number of Shares Granted.

The Exercise Value is the amount obtained by multiplying the average value of the closing price of the ordinary shares of the Company at the Tokyo Stock Exchange on each day (excluding any day on which no trade is made) during the month prior to the month containing the date on which the allotment of stock acquisition rights is conducted (hereinafter the “Allotment Date”) by 1.05 (resulting any fraction less than one (1) yen shall be rounded up). However, in the event that such amount obtained is less than the closing price on the Allotment Date (the closing price of the nearest preceding day if no trade is made on the day), the Exercise Price shall be the closing price.

In the event that it becomes appropriate that the Company changes the Exercise Price due to a share split or a consolidation of shares, in principle, the Exercise Price shall be adjusted as necessary (any fraction less than one (1) yen arising from such adjustment shall be rounded up).

(5) Period during which stock acquisition rights may be exercised

This period shall be a period stipulated at a meeting of the Board of Directors, which shall start on the date on which two years have elapsed from the date of the resolution of the Company's Board of Directors determining the subscription requirements for the stock acquisition rights, and shall be within the range of three years.

(6) Terms and conditions for exercising stock acquisition rights

(a) Persons with stock acquisition rights are required to have the rank of Director of the Company at the time of exercising the stock acquisition rights; provided, however, that this shall not apply to persons with stock acquisition rights who no longer have the rank of Director due to retirement on the expiration of period in office or due to resignation at the request of the Company.

(b) Inheritance of stock acquisition rights shall not be permitted.

(c) Pledging of stock acquisition rights or any other disposition shall not be permitted.

(7) Restriction on the transfer of stock acquisition rights

Any transfer of the stock acquisition rights shall be subject to the approval of the Board of Directors.

(8) Other details of stock acquisition rights

Other details shall be stipulated at the meeting of the Board of Directors at which the subscription requirements of the stock acquisition rights are determined.

End