

TOKYO SEIMITSU CO., LTD.

2968-2 Ishikawa machi, Hachioji City

Tokyo 192-8515 Japan

Tel: +81-(0)42-642-1701

May 14th, 2019

Tokyo Seimitsu Announces Transition to company with Audit and Supervisory Committee, Amendment of Article of Incorporation, and Changes of Executives after the transition

Company name: TOKYO SEIMITSU CO., LTD.

(Stock code: 7729, Tokyo Stock Exchange 1st Section)

Representative: Hitoshi Yoshida, President and CEO

Inquiries: Koichi Kawamura, Representative Director and CFO (Tel: +81-(0)42-642-1701)

The Board of Directors of TOKYO SEIMITSU CO., LTD. (the Company) at its meeting today, endorsed the Company's Transition to company with Audit and Supervisory Committee from a company with Company Auditors, Amendment of Article of Incorporation, and Changes of Executives after the transition subject to approval at the 96th Annual General Meeting of Shareholders to be held on June, 2019.

1. Purpose of transition to a company with Audit and Supervisory Committee and amendment of Article of Incorporation.

(1) Throughout establishing Audit and Supervisory Committee and granting voting rights at the Board of Directors meeting to Directors (include external directors) as members of Audit and Supervisory Committee, the Company intends to strengthen audit and supervisory function, corporate governance, and enhance enterprise value, therefore the Company plans to transition its system from a company with Company Auditors to a company with Audit and Supervisory Committee and revise/amend related regulations.

(2) To appoint appropriate person to Director and accomplish his/her requested roles and responsibilities effectively, the Company plans to add new sections in the regulation that the Board of Director Resolutions to enable the Company to exempt director(s) from specific responsibility as stipulated in the Laws and Regulations.

(3) Article of Incorporation will be revised/amended directly or indirectly related to the changes above.

2. Detail of amendment of an Article of Incorporation and Changes of Executives after the transition

Please refer to the supplementary document.

3. Schedule

Annual General Meeting of Shareholders to resolve amendment of an Article of Incorporation: June 24th, 2019

Effective date (planned) of such amendment(s) June 24th, 2019

End of Document

Supplementary document

1. Amendment of an Article of Incorporation

Note: This is for English-translated one and exclusively for reference purposes only. This English-translated document is not subject to review under any laws nor audit. In the event of any discrepancy between this translated document and the Japanese original, the Japanese original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Current	New
<u>Chapter 1 General</u>	<u>Chapter 1 General</u>
1. to 3. (Intentionally blank)	1. to 3. (same as current)
4. Organs The Company has the following organs in addition to the general meetings of shareholders and directors:	4. Organs The Company has the following organs in addition to the general meetings of shareholders and directors:
1. The Board of Directors	1. The Board of Directors
2. The Company Auditor	2. <u>Audit and Supervisory Committee</u>
3. <u>The Board of Auditors</u>	(Delete)
4. <u>Independent Financial Auditors</u>	3. Independent Financial Auditors
5. to 18. (Intentionally blank)	5. to 18. (same as current)
Chapter 4 Directors and Board of Directors	Chapter 4 Directors and Board of Directors
19. Number of Directors The number of the Directors is no more than fifteen (15). (New Section)	19. Number of Directors The number of the Directors, <u>except for those who are Audit and Supervisory Committee members</u> , is no more than fifteen (15). <u>2. The number of the Directors of Audit and Supervisory Committee members is no more than five (5).</u>
20. Election of Directors Directors are elected by a resolution of the annual general meeting of shareholders.	20. Election of Directors Directors are, <u>separated from directors who are an Audit and Supervisory Committee member or not</u> , elected by a resolution of the annual general meeting of shareholders.
20.2 to 20.3. (Intentionally blank)	20.2 to 20.3. (same as current)
21. Term of Office The term of office of a Director ends at the conclusion of the annual general meeting of shareholders relating to the fiscal year ending within one year from their election.	21. Term of Office The term of office of a Director, <u>except for those who are Audit and Supervisory Committee members</u> , ends at the conclusion of the annual general meeting of shareholders relating to the fiscal year ending within one year from their election.



<p>(New Section)</p>	<p><u>2. The term of office of Directors of an Audit and Supervisory Committee members, ends at the conclusion of the annual general meeting of shareholders relating to the fiscal year ending within 2 years from their election.</u></p>
<p>(New Section)</p>	<p><u>3. The term of a Director of an Audit and Supervisory Committee member appointed as a Substitute for a Director of Audit and Supervisory Committee member who resigns the end of their appointed term ceases to be effective at the same date that the term of the original Director of an Audit and Supervisory Committee member is due to end.</u></p>
<p>(New Section)</p>	<p><u>22. The term of qualification of Substitute for a Director of an Audit and Supervisory Committee member</u> <u>The term of qualification of Substitute for a Director of an Audit and Supervisory Committee member, ends at the beginning of the annual general meeting of shareholders relating to the fiscal year ending within 2 years from their election.</u></p>
<p><u>22. Representative Director</u> The Board of Directors elects a Representative Director by resolution.</p>	<p><u>23. Representative Director</u> The Board of Directors elects a Representative Director <u>from Directors except for those who are Audit and Supervisory Committee members</u> by resolution.</p>
<p><u>23. Convening Meetings of the Board of Directors and Chairperson</u> (Intentionally blank)</p>	<p><u>24. Convening Meetings of the Board of Directors and Chairperson</u> (same as current)</p>
<p><u>24. Notice of a Meeting of the Board of Directors</u> Notice of a meeting of the Board of Directors is sent to each Director <u>and each Auditor</u> at least five (5) days before the meeting. In a case of an emergency, the notice period may be shortened. 2. If all of the Directors <u>and the Auditors</u> consent, a meeting of the Board of Directors may be held without the notice process.</p>	<p><u>25. Notice of a Meeting of the Board of Directors</u> Notice of a meeting of the Board of Directors is sent to each Director at least five (5) days before the meeting. In a case of an emergency, the notice period may be shortened. 2. If all of the Directors consent, a meeting of the Board of Directors may be held without the notice process.</p>
<p>(New Section)</p>	<p><u>26. delegation of decision authorization of execution of important operations</u> <u>Pursuant to Section 399-13-6 of the Companies Act, the Company may delegate all or part of decision authorization of execution of important operations (exclude ones as stipulated in Section 399-13-5 of the Companies act) to Directors.</u></p>

25. to 27. (Intentionally blank)

28. Remuneration etc.

Remuneration, bonuses and any benefits received from the Company in consideration for the performance of duties by Directors are determined by resolution of the annual general meeting of shareholders.

29. Limitation of Liabilities of Non-Executive Directors

(New Section)

29.2 (Intentionally blank)

Chapter 5 Company Auditors and Board of Auditors

30. Number of Auditors

The number of the Company Auditors is no more than five (5).

31. Election of Auditors

Company Auditors are elected by a resolution of the general meeting of shareholders.

2. A Company Auditor is elected by a majority of votes present where holders of 1/3 or more of shares entitled to vote are present.

32. Term of Office

The term of a Company Auditor ends at the conclusion of the annual general meeting of shareholders relating to the last of the fiscal year ends within 4 years from the date of their election.

2. The term of a Substitute Auditor elected under Section 329-2 of the Companies Act ends at the conclusion of the annual general meeting of shareholders relating to the last of the fiscal year ends within 4 years from the date of their election.

3. The term of a Company Auditor appointed as a Substitute for a Company Auditor who resigns before the end of their appointed term ceases to be effective at

27. to 29. (same as current)

30. Remuneration etc.

Remuneration, bonuses and any benefits received from the Company in consideration for the performance of duties by Directors are determined, separated from directors who are an Audit and Supervisory Committee member or not, by resolution of the annual general meeting of shareholders.

31. Limitation of Liabilities of Non-Executive Directors

Pursuant to Section 426·1 of the Companies Act, the Company may exempt from damages caused by directors' (include those who was once director) dereliction of duty by resolution of Board of Directors within the limits as stipulated in the law.

31.2 (same as current)

Chapter 5 Audit and Supervisory Committee

(Delete)

(Delete)

(Delete)

<p><u>the same date that the term of the original Company Auditor is due to end.</u></p>	
<p><u>33. Full-Time Auditor</u> <u>The Board of Auditors elects a full-time Company Auditor(s) from among the duly appointed Company Auditors.</u></p>	(Delete)
<p><u>34. Notice of Meetings of the Board of Auditors</u> <u>Notices of meetings of the Board of Auditors are sent to each Company Auditor at least five (5) days before the meeting. In the case of an emergency, the notice period may be shortened.</u> <u>2. If all of the Company Auditors consent, a meeting of the Board of Auditors may be held without the notice process.</u></p>	(Delete)
<p><u>35. Resolutions of the Board of Auditors</u> <u>A resolution of the Board of Auditors is made by a majority of the Company Auditors, unless otherwise provided under the law.</u></p>	(Delete)
<p><u>36. Rules of the Board of Auditors</u> <u>Matters of the Board of Auditors are governed by the laws, these Articles of Incorporation, and procedures of audit established by the Board of Auditors.</u></p>	(Delete)
<p><u>37. Remuneration, etc.</u> <u>Remuneration of a Company Auditor is determined by a resolution of the annual general meeting of shareholders.</u></p>	(Delete)
<p><u>38. Limitation of Liabilities of Auditors</u> <u>Pursuant to Section 427-1 of Companies Act, the Company may enter into a Limitation of Liabilities agreement, as provided under Section 423-1 of Companies Act, with a Company Auditor. The limit of their indemnity is as stipulated in the laws.</u></p>	(Delete)
<p>(New Section)</p>	<p><u>32. Full-Time Audit and Supervisory Committee members</u> <u>The Audit and Supervisory Committee may elect full-time Audit and Supervisory Committee members by their resolutions.</u></p>
<p>(New Section)</p>	<p><u>33. Notice of Meetings of the Audit and Supervisory Committee</u></p>

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	<p><u>Supplementary Provisions</u></p> <p><u>Limitation of Liabilities of Corporate Auditors</u> <u>(transitional measures)</u></p> <p><u>Pursuant to Section 426·1 of the Companies Act, the Company may exempt from liability of those who were Corporate Auditors as stipulated in Section 426·1 of the Companies by resolution of Board of Directors within the limits as stipulated in the law.</u></p>
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**2. Changes of Executives**

(1) Candidates of Corporate Directors (Except for Directors who are the Audit and Supervisory Committee member)

(To be proposed at the 96th Annual General Meeting of Shareholders on June 24th, 2019)

Name	New Title	Current Title
Hitoshi YOSHIDA	President and CEO	Same as left
Ryuichi KIMURA	Executive Vice President and COO	Same as left
Koichi KAWAMURA	Representative Director and CFO	Same as left
Akihiro ENDO	Director	Same as left
Masahiro TOMOEDA	Director	Same as left
Takahiro HOKIDA	Director	Same as left
Wolfgang BONATZ	Director	Same as left
Shozo SAITO	External Director	Same as left
Naomi INOUE	External Director	External Auditor

(2) Candidates of Directors as a member of the Audit and Supervisory Committee

(To be proposed at the 96th Annual General Meeting of Shareholders on June 24th, 2019)

Name	New Title	Current Title
Shinji AKIMOTO	Director (Full-time Committee member)	Statutory Auditor
Hirokazu MATSUMOTO	Director (Committee member)	External Director
Yoshiro HAYASHI	Director (Committee member)	External Auditor
Yuriko SAGARA	Director (Committee member)	(New)

(3) Retiring Auditor

(Will be retired at the end of the 96th Annual General Meeting of Shareholders on June 24th, 2019)

Name	New Title	Current Title
Masahiro MAEDA	(Will be retired)	External Auditor

End of Supplementary Document