

Notification: This English translation is for reference purpose only; in case of a discrepancy between the English and Japanese versions, the Japanese original shall prevail.

September 14, 2017

To all concerned,

Company Name: transcocosmos, Inc.  
Representative: President and COO, Masataka Okuda  
(Code No. 9715, Tokyo Stock Exchange, 1st Section)  
Inquiries: Hitoshi Honda, Director, Corporate Executive  
Officer & CFO  
Contact: +81-3-4363-1111 (Representative)

### **Announcement Regarding the Default of a Stock Transfer Agreement for an Equity Method Held Affiliated Company**

transcocosmos inc. (hereinafter, "the Company") has announced that it has signed a stock transfer agreement (hereinafter, "the Stock Transfer Agreement") with 北京香江信諾文化投資中心（有限合伙） (hereinafter, "北京香江") on May 26, 2015, for an amount of stock from Beijing Tensyn Digital Marketing Technology Joint Stock Company (hereinafter, "TensynPRC") owned by Transcocosmos Investment Consulting (Beijing) Co., Ltd. (hereinafter, "DM Beijing"), the Company's equity method held affiliated company, based on a resolution of the Company's Board of Directors meeting held on May 15, 2015. Today, the Company announces that 北京香江 had failed to fulfill its obligation under the Stock Transfer Agreement as the Company could not confirm the payment from 北京香江 by the agreed payment date scheduled in September 2017 as follows:

#### Record

#### 1. Overview of the Stock Transfer Agreement

Name of the party on this agreement	北京香江信諾文化投資中心（有限合伙）
Number of stocks to be transferred	36,480,000 shares
Transfer price	979 million Chinese yuan (CNY)
Date transfer agreement was signed	May 26, 2015
Payment due date for stock transfer	September 13, 2017

TensynPRC implemented a 1: 3 stock split after the conclusion of the Stock Transfer Agreement in 2015. The number of shares to be transferred has increased from 12,160,000 shares to 36,480,000 shares

#### 2. Reasons for Default of the Stock Transfer Agreement

The payment of the transfer price from 北京香江 could not be confirmed before the payment deadline stipulated in the Stock Transfer Agreement, and received a notice from 北京香江 that they will cancel the Stock Transfer Agreement, claiming that 1) 北京香江, which its main investor is Chinese government-related agency, cannot acquire shares of the company in dispute, and 2) in addition to the fact that the stock price of TensynPRC has declined significantly, the transfer price must not exceed 110% of the market share price from the new provision declared by the China Securities Regulatory Commission in 2016, and there is a high possibility of violating related laws and regulations of stock price manipulation and China Securities management when dealing at a transfer price.

3. Future prospect

Given the default of the Stock Transfer Agreement, DM Beijing will consider and take appropriate measures, including actions based on the agreement, against 北京香江.

Regarding the shares which DM Beijing owns, the Company will consider all possible options, including potential stock transfer to other buyer candidates.

We will promptly issue a notice when further information becomes available.

The End