October 31, 2017

KOSÉ Corporation
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Stock exchange listing: Tokyo Stock Exchange, First Section; Stock code: 4922
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Announcement of Sale of Subsidiary in China

The Board of Directors of KOSÉ Corporation approved a resolution today to sell all of the equity interests of KOSE Cosmetics Co., Ltd., a wholly owned manufacturing subsidiary in China, to Nihon Kolmar Holdings Co., Ltd.

1. Reason for sale

KOSÉ is currently implementing a medium-term management plan with the central theme of promoting brands to win recognition and respect around the world. One element of this plan is realigning the global manufacturing and supply framework to support growth of the entire KOSÉ Group as well as an improvement in operating efficiency.

KOSÉ currently has two subsidiaries in China. KOSE Cosmetics manufactures products and KOSE Cosmetics Sales (China) Co., Ltd. sells products.

KOSE Cosmetics has produced products that are sold using Chinese brands. KOSÉ has reached the decision that a greater ability to respond to changes in global business conditions is needed in order to grow as a company with a stronger presence in China. To accomplish this, KOSÉ believes that the best course of action is to concentrate its resources on sales activities in China. As a result, the decision was made to sell KOSE Cosmetics.

After the sale of KOSE Cosmetics, this company will continue to manufacture products as a member of the Nihon Kolmar Group for sale using Chinese brands. KOSE Cosmetics Sales (China) will continue to distribute these products along with products that are made in Japan, a category where demand in China is increasing steadily.

2. Profiles of KOSÉ COSMETICS CO., LTD.

(1)	Name	KOSE COSMETICS CO., LTD. (CHINA)	
(2)	Location	Economic and Technological Development Zone, Hangzhou, China	
(3)	Representative	Tomoyuki Nio, President	
(4)	Business	Manufacture of cosmetics	
(5)	Capital	CNY 88,716,000	
(6)	Established	1988	
(7)	Shareholding ratio	KOSÉ Corporation 100%	
(8)	Relationships between KOSÉ Corporation and KOSE Cosmetics	Capital	Wholly owned by KOSÉ Corporation
		Personnel	Two directors of KOSÉ Corporation concurrently serves as directors of KOSE Cosmetics.
		Business	KOSE Cosmetics. procures raw materials for products of KOSÉ Corporation.

3. Outline of purchaser

(1)	Name	NIHON KOLMAR HOLDINGS CO.,LTD.
(2)	Location	4-4-1 Fushimimachi, Chuo-ku, Osaka, Japan
(3)	Representative	Tomoji Kanzaki, Chairman and C.E.O.
(4)	Business	Contract manufacturing, sales and other activities for cosmetics and quasi-drugs
(5)	Capital	JPN 16,935,000
(6)	Established	August 1963

Note: Nihon Kolmar Holdings is the holding company for Nihon Kolmar Co., Ltd. (established in 1912, capital 120 million yen, 2016 sales 32.7 billion yen), Japan's largest OEM supplier of cosmetics, and Kolmar Cosmetics (Suzhou) Co., Ltd. (established in 1997, capital 100 million yuan, 2016 sales 200 million yuan), a manufacturer of cosmetics in China.

4. Schedule

(1)	Resolution date	October 31, 2017
(2)	Contract signing date	October 31, 2017
(3)	Transaction closing date	The closing date will depend on the timing of the receipt of the approval regulatory authorities and other factors

5. Outlook

The effect of the sale of KOSÉ's equity interest on our consolidated business results is currently being determined because the value of the net assets of the said subsidiary is not yet settled.

(Reference)

