

February 26, 2016

To: all concerned parties

Company: Laox Co.,Ltd.
Representative: Yiwen Luo, Representative
President & CEO
(Code number:8202 TSE, Second Section)
Contact: Norihiko Fujitani, Main
Manager of Executive Officer
Management
(Tel: 03-6852-8880)

Notice on Stock Consolidation, Change of Share Unit Number, and Amendment of the Articles of Incorporation

At the board meeting held today, we resolved to discuss at the 40th general meeting of shareholders scheduled for March 25, 2016 a stock consolidation, change of share unit number, and amendment of the Articles of Incorporation as set forth below.

1. Stock consolidation

(1) Purpose of the stock consolidation

The national stock exchanges have announced an “action plan to consolidate the unit of exchange”, and are aiming to unify the unit of exchange for common shares of all companies listed in Japan at 100 shares.

As a company listed on the Tokyo Stock Exchange, we respect the purport of this decision, and will change the share unit number which is the unit of exchange for our stocks to 100 shares from the current 1,000 shares, as well as carry out a stock consolidation (consolidate 10 shares into 1 share) in order to maintain the investment unit desired by the stock exchange (50,000 yen or greater but less than 500,000 yen) and allow shareholders to retain stable ownership of our stock.

(2) Content of the stock consolidation

I. Type of shares being consolidated: common shares

II. Method and ratio of the consolidation: On July 1, 2016, we will consolidate shares from 10 shares to 1 share based on the number of owned shares recorded in the final shareholder registry from June 30, 2016.

III. Decrease in shares from the stock consolidation

Total number of issued shares before the stock consolidation (as of December 31, 2015)	663,881,033 shares
Decrease in shares from the stock consolidation	597,492,930 shares
Total number of issued shares after the stock consolidation	66,388,103 shares

* “The decrease in shares from the stock consolidation and the total number of issued shares after the stock consolidation” are theoretical values found from multiplying the ratio of the stock consolidation by the total number of issued shares before the stock consolidation.

IV. Effects of the stock consolidation

The stock consolidation will result in the total number of issued shares decreasing to 1/10

of that number, but since their net worth will not change, the net value of 1 share will increase tenfold, and excluding other factors such as fluctuations in the stock market, there will be no change in the asset value of our stocks.

(3) Decrease in shareholders from the stock consolidation

The shareholder composition based on our shareholder registry as of December 31, 2015 is as follows.

[Our company's shareholder composition]

	Number of shareholders (percentage)	Number of shares owned (percentage)
All shareholders	29,300 (100.00%)	663,881,033 (100.00%)
Shareholders with fewer than 10 shares (1-9)	133 (0.45%)	308 (0.00%)
Shareholders with 10 or more shares	29,167 (99.55%)	663,880,725 (100.00%)

* If the stock consolidation is carried out based on the above shareholder composition, only the 133 shareholders with fewer than 10 shares (total of 308 shares) will lose their position as a stockholder, but since it is possible to use the "purchase fractional shares" procedure before the stock consolidation goes into effect, please contact the securities company you have an account with or the manager of our shareholder registry.

(4) Handling of fractions of a share

If as a result of the stock consolidation a fraction of a share remains, based on corporate law it will be disposed of in a lump, and we will allocate the disposition value to the shareholders with a fraction, in proportion to the fraction.

(5) Total number of authorized shares on the effective date

In tandem with the decrease in the total number of issued shares from the stock consolidation, in order to optimize the total number of authorized shares, on the effective date (July 1, 2016) we are decreasing the total number of authorized shares at the same ratio as the stock consolidation ratio (10:1)

Total number of authorized shares before the change	Total number of authorized shares after the change (July 1, 2016)
970,000,000	97,000,000

(6) Conditions for the stock consolidation

The resolution regarding the stock consolidation and the following resolution regarding "3. Amendment to the Articles of Incorporation" must be authorized and passed at the 40th general meeting of shareholders on March 25, 2016.

2. Change of share unit number

(1) Reason for changing the share unit number

To comply with the "action plan to consolidate the unit of exchange", mentioned in "1.

(1) Purpose of the stock consolidation".

(2) Details for changing the share unit number

We will change the share unit number for our common shares from 1,000 shares to 100 shares.

(3) Change date

July 1, 2016

(4) Conditions for changing the share unit number

The resolution regarding “1. Stock consolidation” from above and the following resolution regarding “3. Amendment to the Articles of Incorporation” must be authorized and passed at the 40th general meeting of shareholders on March 25, 2016.

3. Amendment to the Articles of Incorporation

(1) Purpose of the amendment to the Articles of Incorporation

I. As mentioned above in “1. (1) Purpose of the stock consolidation”, a stock consolidation will be carried out, and in order to reduce the total number of authorized shares in proportion with the stock consolidation, Article 6 (total number of authorized shares) of the current Articles of Incorporation will be changed, and in order to change the share unit number from 1,000 shares to 100 shares, Article 7 (Share unit number) of the Articles of Incorporation will also be changed. An additional clause for these changes will be established that goes into effect on July 1 2016, the effective date of the stock consolidation, and the additional clause will be deleted on the same day.

II. In current corporate law, if a company with a board of directors purchases its own stocks through a market transaction or a public purchase, the Articles of Incorporation stipulate that it can be done through a resolution of the board of directors but not through a resolution of a general meeting of shareholders (Corporate Law, Article 165, Paragraph 2). This is an authorized procedure for a company to flexibly acquire their own stocks. Article 8 is thus added to the current Articles of Incorporation such that we can also use this procedure.

III. Articles 29 (Liability exemption for directors) and 37 (Liability exemption for auditors) of our Articles of Incorporation are designed to allow the outside director and outside auditor to sufficiently perform the roles expected of them. Along with the recent expansion of the rights of directors and auditors to conclude Contracts for Limitation of Liability through the “Amendment to Corporate Law” (Law 90, 2014), stipulations of Articles 29 and 37 of the current Articles of Incorporation will be changed. All auditors have agreed for changes to Article 29 of the current Articles of Corporation to be presented to the general meeting.

(2) Content of changes to the Articles of Incorporation

Content of the changes to the Articles of Incorporation are as follows.

Extract of the current Articles of Incorporation, Comparative table for the proposed change

(Changes are indicated by underlining)

Current Articles of Incorporation	Proposed change
Chapter 2: Stocks (Total number of authorized shares) Article 6: The total number of authorized shares of our company is <u>970 million</u> . (Share unit number) <u>Article 7</u> : Our company's share unit number is <u>1000</u> shares.	Chapter 2: Stocks (Total number of authorized shares) Article 6: The total number of authorized shares of our company is <u>97 million</u> . (Share unit number) <u>Article 7</u> : Our company's share unit number is <u>100</u> shares. (Acquiring own stock) <u>Article 8</u> : Our company can acquire our own stocks through market transactions, etc. based on a resolution of the board of directors. <Will move down the following one by one>
Chapter 4: Director and board of directors (Limitation of Liability for directors) <u>Article 29</u> , I: (omitted) II: According to Article 427, Paragraph 1 of Corporate Law, we can conclude contracts with outside directors that limit damages liability arising from neglecting duties. However, the amount of the limitation of liability based on the concerned contract is established by the law.	Chapter 4: Director and board of directors (Limitation of Liability for directors) <u>Article 30</u> , I: (omitted) II: According to Article 427, Paragraph 1 of Corporate Law, we can conclude contracts with <u>directors who are not managing directors</u> that limit damages liability arising from neglecting duties. However, the amount of the limitation of liability based on the concerned contract is established by the law.
(Limitation of Liability for auditors) <u>Article 37</u> , I: (omitted) II: According to Article 427, Paragraph 1 of Corporate Law, we can conclude contracts with outside auditors that limit damages liability arising from neglecting duties.	(Limitation of Liability for auditors) <u>Article 38</u> , I: (omitted) II: According to Article 427, Paragraph 1 of Corporate Law, we can conclude contracts with <u>auditors</u> that limit damages liability arising from neglecting duties. However,

However, the amount of the limitation of liability based on the concerned contract is established by the law.	<p>the amount of the limitation of liability based on the concerned contract is established by the law.</p> <p style="text-align: center;"><u>Additional clause</u></p> <p><u>(Effective date for the amendment to the Articles of Incorporation)</u></p> <p><u>The changes to Articles 6 and 7 shall go into effect on July 1, 2016, the effective date of the stock consolidation pertaining to the resolution of the 40th general meeting of shareholders held on March 25, 2016.</u></p> <p><u>This additional clause is also deleted as of the effective date of the stock consolidation.</u></p>
---	--

(3) Conditions for amendment to Articles of Incorporation

The resolution regarding “1. Stock consolidation” must be authorized and passed at the 40th general meeting of shareholders on March 25, 2016.

4. Schedule for the stock consolidation, the change of share unit number, and the amendment to the Articles of Incorporation

I. Board of directors resolution day	February 26, 2016
II. General meeting of shareholders resolution day	March 25, 2016 (planned)
III. Effective date of stock consolidation	July 1, 2016 (planned)
IV. Effective date for change of share unit number	July 1, 2016 (planned)
V. Effective date for change of number of authorized shares	July 1, 2016 (planned)

While the effective date for the stock consolidation and change of the share unit number is July 1, 2016 as stated above, the date on which the trading unit will be changed at the Tokyo Stock Exchange from 1,000 shares to 100 shares is June 28, 2016.