



February 28, 2019

Press Release

Company name: Laox Co., Ltd.
Representative: Yiwen Luo, President and
Representative Director
(Code number: 8202 TSE2)
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Notice Regarding the Receipt of a Document Relating to a Shareholder Proposal and the Opinion of the Board of Directors Regarding the Shareholder Proposal

Laox Co., Ltd. (the “Company”) received a document dated January 24, 2019, from an individual shareholder of the Company, its shareholder, stating that he will make a shareholder proposal at the 43rd Ordinary General Meeting of Shareholders of the Company scheduled on March 29, 2019. The Board of Directors of the Company adopted a resolution to oppose this shareholder proposal at its meeting held today. Details are as follows.

Description:

1. Proposing shareholder

- (1) The Company will refrain from announcing the shareholder’s name from the perspective of personal information protection.
- (2) The relevant shareholder satisfies the requirements for exercising the right to make shareholder proposals.

2. Details of this shareholder proposal * Quoted from the Japanese document received as written therein. This is a translation.

- (1) Buy back the Company’s shares. Undertake the repurchase on the scale of 4 million shares for 2 billion yen.

Reason: A market price that is below par value has become a normal condition for Laox shares.

The responsibility rests with the chief executive officer of Laox and the company’s management team members, not with market conditions, the company’s employees or its shareholders.

In particular, the president of Laox is not concerned about general shareholders who buy shares on the market, aiming to protect large shareholders. The face value for Laox shares is 500 yen per unit of 100 shares because Laox consolidated at the rate of 10 to one its shares whose face value had been 50 yen per unit of 1,000 shares. The current market price for the company’s shares is below par value. I believe that the chief executive of Laox is either treating shareholders like fools or is a fool himself. Laox should buy back its shares promptly with the aim of returning their market price to face value.

- (2) Opinion of the Board of Directors of the Company regarding the shareholder proposal

The Board of Directors of the Company opposes the shareholder proposal, for the reasons described below.

As informed in notices disclosed on February 18, 2016 and July 1, 2016, the Company has purchased its own shares on the Tokyo Stock Exchange in the past. The Company is approaching management with a constant awareness of the value of its own shares.

- (1) The Company is now at a major turning point, moving from a business model in which it waits for shopping-minded inbound customers at its stores in Japan to business diversification aimed at offering experience-oriented commodities not limited to shopping and the development of another business model in which it sells Japanese products in China. The Company is continuing to make upfront investments, on the basis that it is at such a turning point. Meanwhile, the Company’s revenue base remains weak in certain areas and it is working earnestly to bolster that base now. Accordingly, the Board of Directors of the Company believes that the Company should concentrate its capital on investments in business diversification aimed at growth from a medium- and long-term viewpoint.

The Board of Directors of the Company opposes this shareholder proposal for the reasons stated above.

End.