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IR News

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Notice Concerning a Change in the Number of Shares Constituting One Unit of Stock, Reverse Stock Split, and Related Partial Amendments to the Articles of Incorporation

Hanwa Co., Ltd. (“Hanwa”) announces that, at the Board of Directors meeting held today, it resolved to change the number of shares constituting one unit of stock and to partially amend the Articles of Incorporation accordingly, and resolved to submit a proposal for a reverse stock split to Hanwa’s 70th Ordinary General Shareholders Meeting to be held on June 29, 2017 (the “Ordinary General Shareholders Meeting”) pursuant to Article 195, Paragraph 1 of the Companies Act, as described below.

1. Change in the number of shares constituting one unit of stock

(1) Reason for the change

Stock exchanges nationwide aim to unify the number of shares constituting one unit of stock, which is the trading unit of shares of common stock of domestically listed companies, to 100 shares by October 1, 2018 in accordance with the Action Plan for Consolidating Trading Units. In keeping with this aim, Hanwa, as a company listed on the Tokyo Stock Exchange, has decided to change the number of its shares constituting one unit of stock from 1,000 shares to 100 shares effective October 1, 2017.

(2) Details of the change

Hanwa will change the number of shares constituting one unit of stock from 1,000 shares to 100 shares effective October 1, 2017.

(3) Conditions for the change

The change is subject to approval at the Ordinary General Shareholders Meeting of a proposal concerning “2. Reverse stock split” below.

2. Reverse stock split

(1) Purpose of reverse stock split

When changing the number of shares constituting one unit of stock from 1,000 shares to 100 shares as described in “1. Change in the number of shares constituting one unit of stock” above, Hanwa has decided to implement a reverse stock split (a one-for-five consolidation: the “Reverse Stock Split”) for the purpose of adjusting the investment unit to the level desired by stock exchanges in Japan (50,000 yen or more and less than 500,000 yen) while

taking into consideration factors such as medium- and long-term share price fluctuation, etc. In accordance with the consolidation ratio of the Reverse Stock Split, Hanwa has decided to change the total number of shares authorized to be issued from the current 570 million shares to 114 million shares effective October 1, 2017.

(2) Details of the reverse stock split

- 1) Class of shares to be consolidated: Common stock
- 2) Consolidation ratio: Effective October 1, 2017, Hanwa will consolidate the shares held by shareholders recorded in the final shareholders register as of September 30, 2017 at a ratio of one for five.
- 3) Total number of shares authorized to be issued after consolidation:
114,000,000 shares (570,000,000 shares before consolidation)
Pursuant to the provisions of the Companies Act, the provision of the Articles of Incorporation that stipulates the total number of shares authorized to be issued will be deemed to have changed as described above on the effective date of the Reverse Stock Split (October 1, 2017).

4) Number of shares reduced through consolidation:

Number of outstanding shares before consolidation (March 31, 2017)	211,663,200 shares
Number of shares reduced through consolidation	169,330,560 shares
Number of outstanding shares after consolidation	42,332,640 shares

Note: “Number of shares reduced through consolidation” and “Number of outstanding shares after consolidation” are theoretical values calculated based on the number of outstanding shares before consolidation and the share consolidation ratio.

5) Number of shareholders reduced through consolidation:

Shareholder composition based on the shareholders register as of March 31, 2017 is as follows.

Number of shares held	Number of shareholders (ratio)	Number of shares held (ratio)
Less than 5 shares	206 (2.55%)	249 (0.00%)
5 shares or more	7,878 (97.45%)	211,662,951 (100.00%)
Total	8,084 (100.00%)	211,663,200 (100.00%)

If the Reverse Stock Split is implemented, the 206 shareholders who hold less than five shares (a total of 249 shares as of March 31, 2017) will lose their status as shareholders.

6) Handling of fractional shares of less than one share:

If fractional shares of less than one share occur as a result of the Reverse Stock Split, pursuant to the provisions of the Companies Act, Hanwa will sell all such fractional shares in bulk and distribute the proceeds to the shareholders holding the fractional shares in accordance with the proportion of fractional shares held.

(3) Conditions for the reverse stock split

The Reverse Stock Split shall take effect on October 1, 2017 subject to approval of a proposal concerning the Reverse Stock Split at the Ordinary General Shareholders Meeting.

3. Partial amendments to the Articles of Incorporation

Hanwa's Articles of Incorporation will be amended as follows effective October 1, 2017 subject to approval of the proposal concerning the reverse stock split described in 2. above at the Ordinary General Shareholders Meeting.

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendment
<p>CHAPTER II. SHARES</p> <p>(Total number of shares authorized to be issued) Article 6. The total number of shares the Company is authorized to issue shall be <u>five hundred and seventy million (570,000,000)</u>.</p> <p>(Number of shares constituting one unit of stock) Article 8. The number of shares constituting one unit of stock of the Company shall be <u>one thousand (1,000)</u>.</p>	<p>CHAPTER II. SHARES</p> <p>(Total number of shares authorized to be issued) Article 6. The total number of shares the Company is authorized to issue shall be <u>one hundred and fourteen million (114,000,000)</u>.</p> <p>(Number of shares constituting one unit of stock) Article 8. The number of shares constituting one unit of stock of the Company shall be <u>one hundred (100)</u>.</p>

4. Schedule

May 12, 2017	Board of Directors meeting
June 29, 2017 (planned)	70th Ordinary General Shareholders Meeting
October 1, 2017 (planned)	Effective date of change in the number of shares constituting one unit of stock, reverse stock split, and partial amendments to the Articles of Incorporation

Note: Although the effective date of the change in the number of shares constituting one unit of stock and reverse stock split will be October 1, 2017 as described above, due to share transfer procedures, the trading unit for trading by shareholders on the Tokyo Stock Exchange will be 100 shares beginning on September 27, 2017.