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(Securities Code: 7856)

January 4, 2019

To our shareholders:

Kazushi Asano,
Representative Director and President
Hagihara Industries Inc.
1-4, Nakadori, Mizushima, Kurashiki-
shi, Okayama

Notice of the 56th Annual General Meeting of Shareholders

You are cordially invited to attend the 56th Annual General Meeting of Shareholders of Hagihara Industries Inc. (the “Company”), which will be held as indicated below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing. Please review the attached Reference Documents for the General Meeting of Shareholders and indicate your approval or disapproval for each of the proposals on the enclosed voting form, and return the form so as to be received no later than Tuesday, January 22, 2019, at 5:30 p.m. (JST).

1. Date and Time: Wednesday, January 23, 2019, at 10:00 a.m. (JST)

2. Venue: Kurashiki Kokusai Hotel
1-1-44, Chuo, Kurashiki-shi, Okayama

3. Purpose of the meeting:

Matters to be reported

1. The Business Report and the Consolidated Financial Statements for the 56th fiscal year (from November 1, 2017 to October 31, 2018), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board
2. The Non-consolidated Financial Statements for the 56th fiscal year (from November 1, 2017 to October 31, 2018)

Matters to be resolved

Proposal No. 1: Appropriation of Surplus

Proposal No. 2: Election of Eight (8) Directors

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- When you attend the meeting, you are kindly requested to present the enclosed voting form at the reception.
 - If any changes are made to items in the Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements or to the Reference Documents for the General Meeting of Shareholders, such changes will be posted on the Company’s website (<https://www.hagihara.co.jp/>).
 - Pursuant to the relevant laws and regulations and Article 15 of the Company’s Articles of Incorporation, among documents to be attached to this notice of Annual General Meeting of Shareholders, “Notes to the Consolidated Financial Statements” and “Notes to the Non-consolidated Financial Statements” are posted on the Company’s website (<https://www.hagihara.co.jp/>) and are not attached to this notice. Consequently, Consolidated Financial Statements and Non-consolidated Financial Statements stated in the documents attached to this notice of Annual General Meeting of Shareholders consist of part of the Consolidated Financial Statements, Non-consolidated Financial Statements and other documents that were audited by the Audit & Supervisory Board Members and the Financial Auditor in preparing their audit reports.

Reference Documents for the General Meeting of Shareholders

Proposals and references

Proposal No. 1: Appropriation of Surplus

The Company recognizes increasing the return of profit to its shareholders as a key management priority, and it maintains a basic policy of paying stable dividends while giving comprehensive consideration to matters including the Company's business performance trends and financial position. Accordingly, it proposes the payment of year-end dividends and other appropriation of surplus as follows:

1. Year-end dividends

i) Type of dividend property

To be paid in cash.

ii) Allotment of dividend property and their aggregate amount

The Company proposes to pay a dividend of ¥16 per common share of the Company.

In this event, the total dividends will be ¥232,739,120.

iii) Effective date of dividends of surplus

The dividends will take effect on January 24, 2019.

2. Other appropriation of surplus

i) Item of surplus to be increased and amount of increase

General reserve: ¥300,000,000

ii) Item of surplus to be decreased and amount of decrease

Retained earnings brought forward: ¥300,000,000

Proposal No. 2: Election of Eight (8) Directors

The terms of office of all eight (8) Directors will expire at the conclusion of this meeting. Therefore, the Company proposes to elect eight (8) Directors.

The candidates for Director are as follows:

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Kuniaki Hagihara (August 19, 1953)	<p>Mar. 1976 Joined the Company</p> <p>Dec. 1976 Director</p> <p>Dec. 1979 Managing Director</p> <p>Dec. 1984 Representative Director and President</p> <p>Jan. 2010 Representative Director and President & Chief Executive Officer</p> <p>Jan. 2016 Representative Director & Chairman (present)</p> <p>Mar. 2016 Outside Director of Trusco Nakayama Corporation (present)</p> <p>Jun. 2018 President of TOYO HEISEI POLYMER CO., LTD. (present)</p>	524,040
<p>Reason for nomination as a candidate for Director</p> <p>Kuniaki Hagihara has served as Representative Director and President as well as Representative Director & Chairman and has been in charge of the Company's management for many years. His abundant and broad experience and insight, gained while holding these positions, is expected to continue contributing to decision making at the Company's Board of Directors, and is expected to lead to enhancing the supervision of management. Accordingly, the Company nominates him as a candidate for Director.</p>			
2	Kazushi Asano (August 14, 1963)	<p>Mar. 1986 Joined the Company</p> <p>May 2004 Manager of General Affairs Department of Supporting Division</p> <p>Jan. 2007 Director, Manager of General Affairs Department of Supporting Division</p> <p>Jan. 2010 Corporate Officer, Senior Executive Manager of Supporting Division</p> <p>Jan. 2011 Director & Corporate Officer, Senior Executive Manager of Supporting Division</p> <p>Nov. 2014 Director & Corporate Officer, Assistant to Senior Executive Manager of Plastics Business Headquarters</p> <p>Nov. 2015 Director & Associate Senior Corporate Executive Officer, Assistant to Senior Executive Manager of Plastics Business Headquarters, General Manager of Hagiline Division</p> <p>Jan. 2016 Representative Director and President & Chief Executive Officer</p> <p>Nov. 2016 Representative Director and President & Chief Executive Officer, Senior Executive Manager of Plastics Business Division</p> <p>Nov. 2017 Representative Director and President & Chief Executive Officer (present)</p>	20,000
<p>Reason for nomination as a candidate for Director</p> <p>Kazushi Asano assumed the position of Director of the Company in 2007, has abundant experience primarily related to administrative department, and is thoroughly familiar with the Company's business. Since 2016, he has led the Company as the Representative Director and President, and he is expected to continue contributing to the improvement of the Company's corporate value. Accordingly, the Company nominates him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	Toshikazu Tanaka (July 26, 1957)	<p>Mar. 1982 Joined the Company</p> <p>Jan. 2003 Director, Product Manager of Engineering Production Department of Engineering Division</p> <p>Nov. 2008 Director, General Manager of Manufacturing Department of Engineering Division</p> <p>Jan. 2009 Director, General Manager of Development Department of Plastics Headquarters</p> <p>Jan. 2010 Director & Corporate Officer, Assistant to Senior Executive Manager of Plastics Business Headquarters, General Manager of Development Department</p> <p>Jan. 2012 Director & Associate Senior Corporate Executive Officer, Assistant to Senior Executive Manager of Plastics Business Headquarters, General Manager of Development Department</p> <p>Jan. 2013 Director & Associate Senior Corporate Executive Officer, Senior Executive Manager of Plastics Business Headquarters, General Manager of Development Department</p> <p>Jan. 2015 Director & Senior Corporate Executive Officer, Senior Executive Manager of Plastics Business Headquarters, General Manager of Development Department</p> <p>Nov. 2016 Director & Senior Corporate Executive Officer, Senior Executive Manager of New Technology Development Support Room (present)</p>	40,800
<p>Reason for nomination as a candidate for Director</p> <p>Toshikazu Tanaka is expected to continue contributing to the improvement of the Company's corporate value because of, not only, his many years of experience in the machine manufacturing business, but also because he has overseen the administration of both the engineering and plastics businesses as a Director since 2003, and has considerable knowledge. Accordingly, the Company nominates him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
4	Yoshihiro Sasahara (August 27, 1962)	<p>Mar. 1983 Joined the Company</p> <p>Nov. 2007 Manager of Manufacturing Management Section of Manufacturing Department of Engineering Division</p> <p>Nov. 2009 General Manager of Manufacturing Department of Engineering Division</p> <p>Jan. 2010 Corporate Officer, General Manager of Manufacturing Department of Engineering Business Headquarters</p> <p>Nov. 2013 Corporate Officer, General Manager of Overseas Marketing Section of Engineering Business Headquarters</p> <p>Jan. 2015 Director & Corporate Officer, Senior Executive Manager of Engineering Business Headquarters, General Manager of Overseas Marketing Section</p> <p>Nov. 2016 Director & Corporate Officer, Senior Executive Manager of Engineering Business Division, General Manager of Overseas Marketing Section</p> <p>Nov. 2017 Director & Corporate Officer, Senior Executive Manager of Engineering Business Division, General Manager of Production Control Department</p> <p>Jan. 2018 Director & Associate Senior Corporate Executive Officer, Senior Executive Manager of Engineering Business Division, General Manager of Production Control Department</p> <p>Nov. 2018 Director & Associate Senior Corporate Executive Officer, Senior Executive Manager of Engineering Business Division (present)</p>	24,000
<p>Reason for nomination as a candidate for Director</p> <p>Yoshihiro Sasahara is expected to continue contributing to the improvement of the Company's corporate value because he has been involved in the machine manufacturing business for many years, has overseen the administration of said business as a Director since 2015, and has considerable knowledge. Accordingly, the Company nominates him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
5	Junichi Yoshida (October 14, 1965)	<p>Apr. 1991 Joined Japan Development Bank (present Development Bank of Japan Inc.)</p> <p>Oct. 2008 Senior Vice President of Corporate Planning & Coordination Department of Development Bank of Japan Inc.</p> <p>May 2009 Senior Vice President of Project Division Shikoku Branch</p> <p>May 2011 Chief Representative of Representative Office in Okayama</p> <p>Apr. 2014 Seconded to the Company, Manager of Corporate Planning Division</p> <p>Nov. 2014 Senior Executive Manager of Supporting Division, General Manager of General Affairs Department</p> <p>Jan. 2015 Corporate Officer, Senior Executive Manager of Supporting Division, General Manager of General Affairs Department</p> <p>Jan. 2017 Retired from Development Bank of Japan Inc.</p> <p>Director & Corporate Officer, Senior Executive Manager of Supporting Division, General Manager of General Affairs Department (present)</p>	-
<p>Reason for nomination as a candidate for Director Junichi Yoshida has abundant experience and insight gained over many years working at financial institutions, and his experience in administrative department is expected to continue contributing to the improvement of the Company's corporate value. Accordingly, the Company nominates him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned	
6	Masayuki Matsuura (July 24, 1961)	Mar. 1980	Joined the Company	5,200
		Nov. 2004	Transferred to Japan Fabweld Co., Ltd. (Director & General Manager of Administration Department)	
Nov. 2006	Manager of Production Department of Hagiline Business Unit of Plastics Business Division			
Nov. 2008	Unit Manager of BCI Business Unit of Plastics Business Division			
Nov. 2009	General Manager of BCI Division of Plastics Business Headquarters			
Nov. 2016	Corporate Officer, Assistant to Senior Executive Manager of Plastics Business Division, General Manager of R&D Department			
Nov. 2017	Corporate Officer, Senior Executive Manager of Plastics Business Division, General Manager of Business Vitalization Department			
Jan. 2018	Director & Corporate Officer, Senior Executive Manager of Plastics Business Division, General Manager of Business Vitalization Department			
Nov. 2018	Director & Corporate Officer, Senior Executive Manager of Plastics Business Division (present)			
Reason for nomination as a candidate for Director Masayuki Matsuura is expected to continue contributing to the improvement of the Company's corporate value because he has been involved in the plastics-processed products business for many years, has overseen the administration of said business as a Director since 2018, and has considerable knowledge. Accordingly, the Company nominates him as a candidate for Director.				
7	Yuji Nakahara (June 19, 1945)	Apr. 1968	Joined Nakahara Certified Tax Accountant Office	34,600
		Dec. 1988	Audit & Supervisory Board Member of the Company	
May 1995	Director of Yuji Nakahara Certified Tax Accountant Office (present)			
Jan. 2016	Director of the Company (present)			
Reason for nomination as a candidate for Outside Director Yuji Nakahara has abundant expertise and experience related to finance and accounting gained as a tax accountant, and the Company deems him capable of supervising the Company's management based on such insight. Accordingly, the Company nominates him as a candidate for Outside Director.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
8	*Akane Ohara (September 19, 1967)	<p>Apr. 1991 Joined MTB Investment Technology Institute Co., Ltd.</p> <p>Sep. 1994 Retired from MTB Investment Technology Institute Co., Ltd.</p> <p>May 2000 Director of the Board of Incorporated Foundation (present Public Interest Incorporated Foundation) Ohara Museum of Art</p> <p>Sep. 2007 Auditor of Incorporated Foundation (present Public Interest Incorporated Foundation) Ohara Syonokai (present)</p> <p>Apr. 2010 Director of the Board of General Incorporated Foundation (present Public Interest Incorporated Foundation) Yurinkai (present)</p> <p>Jun. 2016 Chair of Social Welfare Corporation Wakatakenosono (present)</p> <p>Jul. 2016 Chair of Public Interest Incorporated Foundation Ohara Museum of Art (present)</p> <p>May 2018 Director of the Board of Public Interest Incorporated Foundation Kurashiki Archaeological Museum (present)</p> <p>Jun. 2018 Director of the Board of Public Interest Incorporated Foundation KURASHIKI MUSEUM OF FOLK CRAFT (present) Director of the Board of Public Interest Incorporated Foundation Kurashiki City Culture Promotion Foundation (present)</p>	—
<p>Reason for nomination as a candidate for Outside Director Akane Ohara has abundant experience from serving in management roles at various public interest incorporations, and the Company deems her capable of supervising the Company's management while representing the perspectives of a broad range of stakeholders. Accordingly, the Company nominates her as a candidate for Outside Director.</p>			

- Notes:
1. The candidate marked with an asterisk (*) is a new candidate for Director.
 2. There is no special interest between any of the candidates and the Company.
 3. Yuji Nakahara and Akane Ohara are candidates for Outside Director.
 4. Yuji Nakahara is currently an Outside Director of the Company, and his term of office as Outside Director will have been three years at the conclusion of this meeting. Yuji Nakahara has been an Audit & Supervisory Board Member of the Company in the past.
 5. Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has entered into an agreement with Yuji Nakahara to limit his liability for damages under Article 423, paragraph 1 of the same act to the minimum liability amount provided for by Article 425, paragraph 1 of the act. If his reelection is approved, the Company plans to renew the aforementioned agreement with him.
 6. If the election of Akane Ohara is approved, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company will enter into an agreement with her to limit her liability for damages under Article 423, paragraph 1 of the same act to the minimum liability amount provided for by Article 425, paragraph 1 of the act.
 7. The Company has submitted notification to Tokyo Stock Exchange, Inc. that Yuji Nakahara has been appointed as an independent officer as provided for by the said exchange. If his reelection is approved, the Company plans for his appointment as an independent officer to continue.
 8. If the election of Akane Ohara is approved, the Company plans to appoint her as an independent officer as provided for by Tokyo Stock Exchange, Inc.