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(Securities Code: 7856)
January 6, 2017

To our shareholders:

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

Notice of the 54th Annual General Meeting of Shareholders

You are cordially invited to attend the 54th 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 Monday, January 23, 2017, at 5:30 p.m. (JST).

1. **Date and Time:** Tuesday, January 24, 2017, 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 54th fiscal year (from November 1, 2015 to October 31, 2016), 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 54th fiscal year (from November 1, 2015 to October 31, 2016)

Matters to be resolved

Proposal No. 1: Appropriation of Surplus
Proposal No. 2: Election of Seven (7) Directors
Proposal No. 3: Payment of Retirement Benefits to Retiring Director

- 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 (http://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 (http://www.hagihara.co.jp/) and are not attached to this notice.
  Consequently, the documents attached to this notice of Annual General Meeting of Shareholders consist of part of the Consolidated Financial Statements and the Non-Consolidated Financial Statements 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 ¥35 per common share of the Company.

In this event, the total dividends will be ¥253,178,380.

iii) Effective date of dividends of surplus

The dividends will take effect on January 25, 2017.

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 Seven (7) Directors

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

The candidates for Director are as follows:

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibility in the Company
(Significant concurrent positions outside the Company)</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">1</td><td rowspan="2">Kuniaki Hagihara
(August 19, 1953)</td><td>Mar. 1976</td><td>Joined the Company
Director
Managing Director
Representative Director and President
Representative Director and President & Chief Executive Officer
Representative Director & Chairman (present)
Outside Director of Trusco Nakayama Corporation (present)</td><td>263,020</td></tr>
<tr><td colspan="3">Reason for nomination as candidate for Director
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.</td></tr>
<tr><td rowspan="2">2</td><td rowspan="2">Kazushi Asano
(August 14, 1963)</td><td>Mar. 1986
May 2004
Jan. 2007
Jan. 2010
Jan. 2011
Nov. 2014
Nov. 2015
Jan. 2016
Nov. 2016</td><td>Joined the Company
Manager of General Affairs Department of Supporting Division
Director, Manager of General Affairs Department of Supporting Division
Corporate Officer, Senior Executive Manager of Supporting Division
Director & Corporate Officer, Senior Executive Manager of Supporting Division
Director & Corporate Officer, Assistant to Senior Executive Manager of Plastics Business Headquarters
Director & Associate Senior Corporate Executive Officer, Assistant to Senior Executive Manager of Plastics Business Headquarters, General Manager of Hagiline Division
Representative Director and President & Chief Executive Officer
Representative Director and President & Chief Executive Officer, Senior Executive Manager of Plastics Business Division (present)</td><td>10,000</td></tr>
<tr><td colspan="3">Reason for nomination as candidate for Director
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.</td></tr>
</table>

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)	Mar. 1982	Joined the Company	20,000
		Jan. 2003	Director, Product Manager of Engineering Production Department of Engineering Division	
		Nov. 2008	Director, General Manager of Manufacturing Department of Engineering Division	
		Jan. 2009	Director, General Manager of Development Department of Plastics Headquarters	
		Jan. 2010	Director & Corporate Officer, Assistant to Senior Executive Manager of Plastics Business Headquarters, General Manager of Development Department	
		Jan. 2012	Director & Associate Senior Corporate Executive Officer, Assistant to Senior Executive Manager of Plastics Business Headquarters, General Manager of Development Department	
		Jan. 2013	Director & Associate Senior Corporate Executive Officer, Senior Executive Manager of Plastics Business Headquarters, General Manager of Development Department	
		Jan. 2015	Director & Senior Corporate Executive Officer, Senior Executive Manager of Plastics Business Headquarters, General Manager of Development Department	
		Nov. 2016	Director & Senior Corporate Executive Officer, Senior Executive Manager of New Technology Development Support Room (present)	
	Reason for nomination as candidate for Director 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.			

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibility in the Company
(Significant concurrent positions outside the Company)</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">4</td><td rowspan="1">Yoshihiro Sasahara
(August 27, 1962)</td><td>Mar. 1983
Nov. 2007
Nov. 2009
Jan. 2010
Nov. 2013
Jan. 2015
Nov. 2016</td><td>Joined the Company
Manager of Manufacturing Management Section of Manufacturing Department of Engineering Division
General Manager of Manufacturing Department of Engineering Division
Corporate Officer, General Manager of Manufacturing Department of Engineering Business Headquarters
Corporate Officer, General Manager of Overseas Marketing Section of Engineering Business Headquarters
Director & Corporate Officer, Senior Executive Manager of Engineering Business Headquarters, General Manager of Overseas Marketing Section
Director & Corporate Officer, Senior Executive Manager of Engineering Business Division, General Manager of Overseas Marketing Section (present)</td><td>12,000</td></tr>
<tr><td colspan="4">Reason for nomination as candidate for Director
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.</td></tr>
<tr><td rowspan="2">5</td><td rowspan="1">*Junichi Yoshida
(October 14, 1965)</td><td>Apr. 1991
Oct. 2008
May 2009
May 2011
Apr. 2014
Nov. 2014
Jan. 2015
Jan. 2017</td><td>Joined Japan Development Bank (present Development Bank of Japan Inc.)
Senior Vice President of Corporate Planning & Coordination Department of Development Bank of Japan Inc.
Senior Vice President of Project Division Shikoku Branch
Chief Representative of Representative Office in Okayama
Seconded to the Company, Manager of Corporate Planning Division
Senior Executive Manager of Supporting Division, General Manager of General Affairs Department
Corporate Officer, Senior Executive Manager of Supporting Division, General Manager of General Affairs Department (present)
Scheduled to retire from Development Bank of Japan Inc.</td><td>–</td></tr>
<tr><td colspan="4">Reason for nomination as candidate for Director
Junichi Yoshida has abundant experience and insight gained over many years at financial institutions, and his experience in administrative department is expected to contribute to the improvement of the Company's corporate value. Accordingly, the Company nominates him as a candidate for Director.</td></tr>
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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	Yuji Nakahara (June 19, 1945)	Apr. 1968 Joined Nakahara Certified Tax Accountant Office 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)	16,900
	Reason for nomination as 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.		
7	Fumiyuki Akikusa (October 9, 1949)	Apr. 1972 Joined The Mitsubishi Bank, Ltd. June 2008 President of Mitsubishi UFJ Securities Co., Ltd. Apr. 2010 President & CEO of Mitsubishi UFJ Securities Holdings Co., Ltd. May 2010 President & CEO of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Apr. 2011 Advisor of Mitsubishi UFJ Securities Holdings Co., Ltd. Advisor of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (present) Jan. 2015 Director of the Company (present) Apr. 2016 Senior Advisor of Mitsubishi UFJ Securities Holdings Co., Ltd. (present)	–
	Reason for nomination as candidate for Outside Director Fumiyuki Akikusa has abundant experience and knowledge in a wide range of fields as a corporate manager, 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.		

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 Fumiyuki Akikusa are candidates for Outside Director.
4. Yuji Nakahara and Fumiyuki Akikusa are currently Outside Directors of the Company, and their terms of office as Outside Directors will have been one year and two years, respectively, 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 limited liability agreements with Yuji Nakahara and Fumiyuki Akikusa to limit their liability to the minimum liability amount provided for by Article 425, paragraph 1 of the same act. If their reelection is approved, the Company plans to renew the aforementioned agreements with them.
6. The Company has submitted notification to Tokyo Stock Exchange, Inc. that Yuji Nakahara and Fumiyuki Akikusa have been appointed as independent officers as provided for by the said exchange.

Proposal No. 3: Payment of Retirement Benefits to Retiring Director

At the conclusion of this meeting, Kazuo Michihiro will retire from office as Director. To thank him for his service during his time in office, the Company proposes the payment of retirement benefits in an appropriate amount in accordance with the prescribed standards of the Company.

The Company also proposes that the specific amounts, timing, method, etc., of payment be left to the discretion of the Board of Directors.

The career summary of the retiring Director is as follows:

Name	Career summary
Kazuo Michihiro	Jan. 2005 Director of the Company (present)