*[Translation]*

*This document has been translated from the Japanese original for the convenience of non-Japanese shareholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.*

Securities code: 3106
June 7, 2017

To our shareholders:

Haruya Fujita
President
**KURABO INDUSTRIES LTD.**
7-1, Honmachi, Kurashiki, Okayama
(Osaka Head Office: 4-31, 2-chome, Kyutaro-machi, Chuo-ku, Osaka)

# NOTICE OF THE 209th ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 209th Ordinary General Meeting of Shareholders of KURABO INDUSTRIES LTD. (the "Company"), which will be held as indicated below.
If you are unable to attend the meeting in person, we ask you to review the attached Reference Documents for the Ordinary General Meeting of Shareholders, read the instruction on pages 3 to 4, and exercise your voting rights by 6:00 p.m., Wednesday, June 28, 2017 (Japan Standard Time) in writing or via the Internet.

## Meeting Details

**1. Date and Time:** Thursday, June 29, 2017 at 10:00 a.m. (Japan Standard Time)

**2. Venue:** KURASHIKI IVY SQUARE
7-2, Honmachi, Kurashiki, Okayama

**3. Purposes:**

**Items to be reported:**

1. Business Report and Consolidated Financial Statements for the 209th fiscal year (from April 1, 2016 to March 31, 2017) and Reports of Audit on the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
2. Non-Consolidated Financial Statements for the 209th fiscal year (from April 1, 2016 to March 31, 2017)

**Items to be resolved:**

**Proposal 1:** Appropriation of Surplus for the 209th Fiscal Year
**Proposal 2:** Election of Seven (7) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
**Proposal 3:** Election of One (1) Substitute Director Who Is an Audit and Supervisory Committee Member

**4. Other Matters Concerning the Meeting:**

(1) If you do not indicate your approval or disapproval of the proposals in your vote, the Company will assume that you have voted in favor of the proposals.
(2) If you exercise your voting rights more than once via the Internet, the last exercise will be deemed valid.

(3) If you exercise your voting rights both by mail and via the Internet, the one exercised via the Internet will be deemed valid.

(4) In the event that you exercise your voting rights diversely, you are required to send notice providing the details and reasons in writing. Please note that you must ensure the notice arrives three days prior to the day of the Ordinary General Meeting of Shareholders.

* For those attending, please present the enclosed voting form at the reception desk on arrival at the meeting.
* If circumstances are generated whereby revisions should be made to the content of the Reference Documents for the Ordinary General Meeting of Shareholders, such notification shall be published on the Company's website (http://www.kurabo.co.jp).

**Instructions for exercising voting rights**
in the event that you do not attend the General Meeting of Shareholders

**To institutional investors**
**Institutional investors may use the "Electronic Platform to Exercise Voting Rights" operated by ICJ, Inc.**

## Exercising voting rights by mail

**Deadline: Votes to be received by 6:00 p.m., Wednesday, June 28, 2017 (Japan Standard Time)**

**Please indicate your vote of approval or disapproval of each proposal on the enclosed voting form, and return the form to us.**

If you do not indicate your approval or disapproval of the proposals, the Company will assume that you have voted in favor of the proposals.

## Exercising voting rights via the Internet

**Deadline: 6:00 p.m., Wednesday, June 28, 2017 (Japan Standard Time)**

**Please read the following page and indicate your vote of approval or disapproval of each proposal through the voting rights website.**

If you exercise your voting rights more than once via the Internet, using a PC, a smartphone and a mobile phone, the last vote will be deemed valid.

- If you exercise your voting rights both by mail and via the Internet, the one exercised via the Internet will be deemed valid.
- In the event that you exercise your voting rights diversely, you are required to send notice providing the details and reasons in writing. Please note that you must ensure the notice arrives three days prior to the day of the Ordinary General Meeting of Shareholders.

*[Translation]*

## Instruction for Exercise of Voting Rights via the Internet

The exercise of voting rights is available to you only by accessing the website designated by the Company (http://www.evote.jp/) from a PC, smartphone or mobile phone. However, the voting rights exercise service is suspended 2:00 a.m.–5:00 a.m., every day.

**We respectfully request that you exercise your voting rights at your earliest convenience. If you have any questions, please contact the help desk below.**

**Accessing the voting rights website**

http://www.evote.jp/

1) Click "next screen"

**Log in**

2) Input the login ID and the temporary password provided on the bottom-right of the enclosed voting form
3) Click "login"

**Password registration (change)**

4) Input your new password in the "new password entry field" and the "password confirmation entry field"
5) Click "send"

In order to prevent illegal online access (spoofing) and alteration of voting by non-shareholders, you will be requested to change your temporary password on the voting rights website.

For inquiries about the system for exercising voting rights via the Internet and other matters, please contact:

Stock Transfer Agency (Help Desk),
Mitsubishi UFJ Trust and Banking Corporation
Phone: 0120-173-027 (9:00 to 21:00; toll free)

- Please be aware that any connection fees to Internet providers or connection charges or other fees to telecommunications carriers that arise when accessing the voting rights website shall be borne by shareholders.
- Please be aware that, depending on your Internet usage environment, you may not be able to use your PC or smartphone to exercise your voting rights via the said website (e.g. if you connect to the Internet via a firewall, have anti-virus software installed, use a proxy server, or are not using TLS encrypted communication).
- To exercise your voting rights via a mobile phone, please use one of the following services: i-mode, EZweb or Yahoo! Keitai*. For security reasons, the website is only compatible with mobile phones capable of TSL encrypted communication and transmission of mobile phone information.

* i-mode, EZweb and Yahoo! are trademarks or registered trademarks of NTT DOCOMO, INC., KDDI Corporation and Yahoo, Inc. U.S., respectively.

# Reference Documents for the Ordinary General Meeting of Shareholders

**Proposals and Reference Matters**

**Proposal 1: Appropriation of Surplus for the 209th Fiscal Year**

The Company regards the return of profits to its shareholders as one of its key priorities, and continuous and stable distribution of dividend is basic policy. In order to determine a specific amount of the dividend, the Company takes into account comprehensively profit conditions, corporate strength and dividend payout ratio, etc. from medium to long term perspective.
In consideration of the severe business environment during the fiscal year under review, the year-end dividend for the 209th fiscal year is proposed as follows:

**Matters concerning year-end dividend**

i) Type of dividend property:
CASH
ii) Allocation of dividend assets to be paid to shareholders and total dividend amount:
¥5.00 per share of common stock of the Company
Total amount: ¥1,133,116,900
iii) Effective date of dividends from surplus:
June 30, 2017

**Proposal 2: Election of Seven (7) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)**

As the term of office of all seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members; the same shall apply hereinafter in this proposal) is to expire at the conclusion of this Ordinary General Meeting of Shareholders, the Company proposes to elect seven (7) Directors.

The candidates for Director are as follows:

Also, in regard to this proposal, the Company's Audit and Supervisory Committee has judged that all of the candidates for Director are qualified.

| No. | Name | Current positions and areas of responsibility in the Company |
|---|---|---|
| 1 | Reelection Haruya Fujita | Representative Director, President |
| 2 | Reelection Atsushi Kitabatake | Director, Executive Officer<br>Responsibility General Manager, Textile Business Division and the Overseas Business Development |
| 3 | Reelection Toshio Baba | Director, Executive Officer<br>Responsibility General Manager, Chemical Products Division |
| 4 | Reelection Katsuhide Honda | Director, Executive Officer<br>Responsibility Officer in charge of General Administration Department, Estate Promotion Department and Environment & Construction Department; Manager, General Administration Department; and Director, KURABO Memorial Hall |
| 5 | Reelection Susumu Inaoka | Director, Executive Officer<br>Responsibility Officer in charge of Managerial Planning Department, Personnel Department, Human Power Development Department, and Technical Research Laboratory and Manager, Managerial Planning Department |
| 6 | Reelection Hiroshi Fujii | Director, Executive Officer<br>Responsibility Officer in charge of Finance & Accounting Department and System & EDP Department; Manager, Finance & Accounting Department |
| 7 | New election Kenshi Kawano | Executive Officer<br>Responsibility Deputy General Manager, Advanced Technology Division |

1 Haruya Fujita — Date of birth: July 26, 1958 — Reelection

| Number of the Company's shares held | Special interest with the Company | Important concurrent positions |
|---|---|---|
| 105,000 shares | None | None |

**Career summary (positions and areas of responsibility in the Company)**

| | |
|---|---|
| Apr. 1983 | Joined the Company |
| Jun. 2012 | Director, Executive Officer of the Company |
| Jun. 2013 | Director, Managing Executive Officer of the Company |
| Jun. 2014 | Representative Director, President of the Company (to present) |

**Reasons for appointing as a candidate for Director**

Mr. Haruya Fujita assumed the position of Director of the Company in June 2012, and as Representative Director and President since June 2014 he has demonstrated outstanding management capability, facilitating the enhancement of corporate value. The Company has appointed Mr. Fujita as a candidate for Director, judging that he is a talented individual who is capable of continuing to manage the whole Group appropriately as a Director to contribute to the further enhancement of corporate value by promoting the "Advance '18" medium-term corporate business plan.

2 Atsushi Kitabatake — Date of birth: January 11, 1960 — Reelection

| Number of the Company's shares held | Special interest with the Company | Important concurrent positions |
|---|---|---|
| 31,000 shares | None | None |

**Career summary (positions and areas of responsibility in the Company)**

| | |
|---|---|
| Apr. 1982 | Joined the Company |
| Apr. 2006 | Manager, Textile Materials Sales Department |
| Jun. 2013 | Executive Officer of the Company |
| Jun. 2014 | Director, Executive Officer of the Company (to present) |

(General Manager, Textile Business Division and the Overseas Business Development)

**Reasons for appointing as a candidate for Director**

Mr. Atsushi Kitabatake assumed the position of Director of the Company in June 2014, and since then he has drawn on his wealth of experience and knowledge in all aspects of textile business as the Director in charge of the textile business, facilitating the enhancement of corporate value. The Company has appointed Mr. Kitabatake as a candidate for Director, judging that he is a talented individual who is capable of continuing to manage the whole Group appropriately as a Director to contribute to the further enhancement of corporate value by promoting the "Advance '18" medium-term corporate business plan.

3 Toshio Baba — Date of birth: June 9, 1959 — Reelection

| Number of the Company's shares held | Special interest with the Company | Important concurrent positions |
|---|---|---|
| 26,000 shares | None | None |

**Career summary (positions and areas of responsibility in the Company)**

| | |
|---|---|
| Apr. 1982 | Joined the Company |
| Oct. 2004 | Manager, Industrial Materials Sales Department |
| Jun. 2012 | Executive Officer of the Company |
| Jun. 2014 | Director, Executive Officer of the Company (to present) |

(General Manager, Chemical Products Division)

**Reasons for appointing as a candidate for Director**

Mr. Toshio Baba assumed the position of Director of the Company in June 2014, and since then he has drawn on his wealth of experience and knowledge in all aspects of chemical products business as the Director in charge of the chemical products business, facilitating the enhancement of corporate value. The Company has appointed Mr. Baba as a candidate for Director, judging that he is a talented individual who is capable of continuing to manage the whole Group appropriately as a Director to contribute to the further enhancement of corporate value by promoting the "Advance '18" medium-term corporate business plan.

| 4 Katsuhide Honda | Date of birth: December 20, 1956 | Reelection |
|---|---|---|

| Number of the Company's shares held | Special interest with the Company | Important concurrent positions |
|---|---|---|
| 31,000 shares | None | None |

**Career summary**
**(positions and areas of responsibility in the Company)**

| | |
|---|---|
| Apr. 1981 | Joined the Company |
| Jun. 2009 | Manager, General Administration Department and Director, KURABO Memorial Hall |
| Jun. 2012 | Executive Officer of the Company |
| Jun. 2014 | Director, Executive Officer of the Company (to present) |

(Officer in charge of General Administration Department, Estate Promotion Department and Environment & Construction Department; Manager, General Administration Department; and Director, KURABO Memorial Hall)

**Reasons for appointing as a candidate for Director**

Mr. Katsuhide Honda assumed the position of Director of the Company in June 2014, and since then he has drawn on his wealth of experience and knowledge in areas including legal affairs, risk management, and real estate services as the Director in charge of general administration, estate promotion business, etc., facilitating the enhancement of corporate value. The Company has appointed Mr. Honda as a candidate for Director, judging that he is a talented individual who is capable of continuing to manage the whole Group appropriately as a Director to contribute to the further enhancement of corporate value by promoting the "Advance '18" medium-term corporate business plan.

| 5 Susumu Inaoka | Date of birth: June 3, 1960 | Reelection |
|---|---|---|

| Number of the Company's shares held | Special interest with the Company | Important concurrent positions |
|---|---|---|
| 34,000 shares | None | None |

**Career summary**
**(positions and areas of responsibility in the Company)**

| | |
|---|---|
| Apr. 1983 | Joined the Company |
| May 2007 | Manager, Chemical Products Administration Department |
| Jun. 2010 | Standing Auditor of the Company |
| Jun. 2014 | Director, Executive Officer of the Company (to present) |

(Officer in charge of Managerial Planning Department, Personnel Department, Human Power Development Department, and Technical Research Laboratory and Manager, Managerial Planning Department)

**Reasons for appointing as a candidate for Director**

Mr. Susumu Inaoka assumed the position of Director of the Company in June 2014, and since then he has drawn on his wealth of experience and knowledge in managerial planning, personnel policy, and R&D as the Director in charge of managerial planning, personnel, and the Technical Research Laboratory, facilitating the enhancement of corporate value. The Company has appointed Mr. Inaoka as a candidate for Director, judging that he is a talented individual who is capable of continuing to manage the whole Group appropriately as a Director to contribute to the further enhancement of corporate value by promoting the "Advance '18" medium-term corporate business plan.

| 6 Hiroshi Fujii | Date of birth: September 22, 1960 | Reelection |
|---|---|---|

| Number of the Company's shares held | Special interest with the Company | Important concurrent positions |
|---|---|---|
| 30,000 shares | None | None |

**Career summary**
**(positions and areas of responsibility in the Company)**

| | |
|---|---|
| Apr. 1983 | Joined the Company |
| Apr. 2011 | Manager, Finance & Accounting Department |
| Jun. 2013 | Executive Officer of the Company |
| Jun. 2016 | Director, Executive Officer of the Company (to present) |

(Officer in charge of Finance & Accounting Department and System & EDP Department and Manager, Finance & Accounting Department)

**Reasons for appointing as a candidate for Director**

Mr. Hiroshi Fujii assumed the position of Director of the Company in June 2016, and since then he has drawn on his wealth of experience and knowledge in finance and accounting and systems services as the Director in charge of finance and accounting, and system & EDP, facilitating the enhancement of corporate value. The Company has appointed Mr. Fujii as a candidate for Director, judging that he is a talented individual who is capable of continuing to manage the whole Group appropriately as a Director to contribute to the further enhancement of corporate value by promoting the "Advance '18" medium-term corporate business plan.

| 7 Kenshi Kawano | Date of birth: March 19, 1962 | New election |
|---|---|---|

| Number of the Company's shares held | Special interest with the Company | Important concurrent positions |
|---|---|---|
| 17,000 shares | None | None |

**Career summary**
**(positions and areas of responsibility in the Company)**

| | |
|---|---|
| Apr. 1985 | Joined the Company |
| Apr. 2011 | Manager, Hong Kong Branch and President of Kurabo Denim (HK) Limited |
| Sep. 2013 | Manager, Hong Kong Branch |
| Apr. 2014 | Assistant to Manager, Managerial Planning Department |
| Jun. 2014 | Executive Officer of the Company (to present) |

(Deputy General Manager, Advanced Technology Division)

**Reasons for appointing as a candidate for Director**

Mr. Kenshi Kawano has a wealth of overseas experience in the textile business, as well as a proven track record in promoting business as Deputy General Manager of the Advanced Technology Division. The Company has appointed Mr. Kawano as a candidate for Director, judging that he is a talented individual who is capable of drawing on this experience and track record to manage the whole Group appropriately as a Director, contributing to the further enhancement of corporate value by promoting the "Advance '18" medium-term corporate business plan.

**Proposal 3: Election of One (1) Substitute Director Who Is an Audit and Supervisory Committee Member**

To provide for a case in which the number of Directors who are Audit and Supervisory Committee Members falls short of the number stipulated by laws and regulations, the Company proposes to elect one (1) substitute Director who is an Audit and Supervisory Committee Member.

The candidate for a substitute Director who is an Audit and Supervisory Committee Member is as follows:

Prior to this proposal, the Company has already obtained the consent of the Audit and Supervisory Committee.

| Tetsuya Yamao | Date of birth: September 22, 1951 |
|---|---|
| Number of the Company's shares held | Special interest with the Company |
| 0 shares | None |
| Important concurrent positions | |
| Outside Auditor of CYPRESSCLUB CO., LTD.<br>External Board Director of KYOEI STEEL LTD.<br>Partner of Umeda Shinmichi Law Office | |

**Career summary (positions and areas of responsibility)**

| | |
|---|---|
| Apr. 1984 | Registered as an attorney at law (Osaka Bar Association) |
| | Joined Hanshin Law Office |
| Apr. 1991 | Established Tokiwa Sogo Law Office |
| Apr. 2004 | Established Yamao Law Office |
| Sep. 2015 | Joined Umeda Shinmichi Law Office |
| | Partner of Umeda Shinmichi Law Office (to present) |
| Mar. 2016 | Outside Auditor of CYPRESSCLUB CO., LTD. (to present) |
| Jun. 2016 | External Board Director of KYOEI STEEL LTD. (to present) |

**Reasons for appointing as a candidate for substitute Director**

Although in the past Mr. Tetsuya Yamao has not been involved in the management of a company in a manner other than serving as an outside director or outside auditor, he has been engaged in corporate legal affairs for many years as an attorney at law. The Company has appointed Mr. Yamao as a candidate for substitute Outside Director, believing that he is capable of properly auditing and supervising the execution of duties by Directors from a fair and impartial perspective.

Notes: 1. Mr. Tetsuya Yamao is a candidate for a substitute Outside Director.
He meets the requirements of our internal regulation of "Criteria for Independence of Outside Directors" and of an Independent Director/Auditor pursuant to Article 436-2 of the Securities Listing Regulation of the Tokyo Stock Exchange. Once the proposal of election is approved, the Company nominates him as an Independent Director/Auditor, and reports to the said Exchange.
Our regulation of "Criteria for Independence of Outside Directors" is provided on pages 11 to 12 of Reference Documents for the Ordinary General Meeting of Shareholders.

2. If Mr. Tetsuya Yamao takes office as an Outside Director, the Company will, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, enter into an agreement with him to limit his liability for damages under Article 423, paragraph 1 of the same Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for by the applicable laws and regulations.

**Criteria for Independence of Outside Directors (Reference)**

The Company has established the Criteria for Independence of Outside Directors[i] as follows to secure the objectivity and transparency needed to strengthen corporate governance. In the event that an Outside Director falls under any of the following, he/she will be deemed as not sufficiently independent.

1. An executive[ii] of the Company or one of its subsidiaries (hereinafter, collectively referred to as the "Group")
2. A current major shareholder[iii] of the Company (in the event that the major shareholder is an organization that is a corporation, partnership, etc., an executive of said organization)
3. An executive of a corporation of which the Group is a major equity holder (a party that directly or indirectly holds 10% or more of the total voting rights)
4. A major client[iv] of the Group, or an executive of a major client
5. A party whose major client is the Group[v], or an executive of said party
6. A party belonging to the auditing firm that is the accounting auditor of the Group
7. An executive of the Company's lead-manager securities company
8. A consultant, accountant, or legal professional who has been paid substantial amounts of money or other financial benefits[vi] other than officers' remuneration paid by the Group (in the event that the party being paid said financial benefits is an organization such as a law office, auditing firm, or consultant firm that is a corporation, partnership, etc., a party belonging to said organization)
9. A party who receives substantial donations[vii] from the Group (in the event that the party who receives said substantial donations is an organization that is a corporation, partnership, etc., a party belonging to said organization)
10. A party whose close relative[viii] falls under any of the above items from 1 to 9 (however, aside from the above item 1, this is limited to important person[ix])
11. A party that has fallen under any of the above items from 2 to 9 in the last three years
    For the above item 1, a party that has fallen under the item in the last ten years
12. Any other party for whom a conflict of interest is likely to arise with general shareholders, and whose circumstances are reasonably judged to prevent the party from performing duties as an independent Outside Director

[i] "Outside Director" refers to an outside director as defined in Article 2, item 15 of the Companies Act.

[ii] "Executive" refers to an executive director, executive, executive officer, other equivalent person, or other employee.

[iii] "Major shareholder" refers to a shareholder that holds, in their name or another person's name, 10% or more of voting rights at the end of the Company's most recent fiscal year.

[iv] "Major client" refers to one of the following:

(1) A client to which the Group is providing products, etc., and whose transaction amount has been more than 2% of the Company's consolidated net sales in one of the Company's last four fiscal years.

(2) A financial institution from which the Group is borrowing funds, and whose balance of loans is more than 2% of the Company's consolidated total assets at the end of the Company's most recent fiscal year.

[v] "A party whose major client is the Group" refers to a party that provides products, etc., to the Group and for which the Company's transaction amount has been more than 2% of the party's consolidated net sales in one of the its last four fiscal years.

[vi] An amount is a "Substantial amounts of money or other financial benefits" in one of the following situations:

(1) In that event that said specialist is an individual and the total amount of said financial benefits, excluding officers' remuneration, received from the Group is more than ¥10 million per year on average over the course of the Company's last three fiscal years.

(2) In that event that said specialist is an organization that is a corporation, partnership, etc., and the total amount of said financial benefits received from the Group is more than 2% of said organization's total annual revenues on average over the course of the Company's last three fiscal years.

[vii] "Substantial donations" refers to a donation from the Group that is more than ¥10 million per year on average over the course of the Company's last three fiscal years.

[viii] "Close relative" refers to a spouse or a relative who is within the second degree of kinship.

[ix] "Important person" refers to an employee that holds a senior management position such as executive director, executive, executive officer, general manager or above.