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(Securities Code: 7856)
January 5, 2018

To our shareholders:

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

Notice of the 55th Annual General Meeting of Shareholders

You are cordially invited to attend the 55th 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 22, 2018, at 5:30 p.m. (JST).

1. Date and Time: Tuesday, January 23, 2018, 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 55th fiscal year (from November 1, 2016 to October 31, 2017), 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 55th fiscal year (from November 1, 2016 to October 31, 2017)

Matters to be resolved

Proposal No. 1: Appropriation of Surplus

Proposal No. 2: Election of One (1) Director

Proposal No. 3: Election of One (1) Audit & Supervisory Board Member

Proposal No. 4: Payment of Retirement Benefits to Retiring Audit & Supervisory Board Member and Final Payment of Retirement Benefits in Conjunction with Abolition of Retirement Benefit Plan for Directors and Audit & Supervisory Board Members

Proposal No. 5: Revision of Remuneration Amount for Directors

Proposal No. 6: Determination of Amount of Share-Based Remuneration, etc. for Directors and Other Terms Thereof

- 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, 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 ¥34 per common share of the Company.

In this event, the total dividends will be ¥245,934,240.

iii) Effective date of dividends of surplus

The dividends will take effect on January 24, 2018.

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 One (1) Director

The Company will increase the number of Directors by one (1) to enhance the management system, and it proposes the election of one (1) Director. As provided for in the Company's Articles of Incorporation, the term of office of the Director elected to increase the number of Directors will be until the terms of office of the other currently serving Directors expire.

The candidate for Director is as follows:

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
Masayuki Matsuura (July 24, 1961)	Mar. 1980	Joined the Company	1,000
	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, Manager of Development Department	
	Nov. 2017	Corporate Officer, Senior Executive Manager of Plastics Business Division, Manager of Business Vitalization Department (present)	
Reason for nomination as a candidate for Director Masayuki Matsuura is expected to contribute 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 Corporate Officer after being in a position of Unit Manager, and has considerable knowledge. Accordingly, the Company nominates him as a candidate for Director.			

Note: There is no special interest between the candidate and the Company.

Proposal No. 3: Election of One (1) Audit & Supervisory Board Member

Audit & Supervisory Board Member Tatsuo Yoshikawa will resign at the conclusion of this meeting. Therefore, the Company proposes the election of one (1) Audit & Supervisory Board Member as his substitute.

As provided for in the Company's Articles of Incorporation, the term of office of the elected Audit & Supervisory Board Member as a substitute of the resigned Audit & Supervisory Board Member will be until the time when the term of office of the resigned Audit & Supervisory Board Member is to expire.

In addition, the consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary and position in the Company (Significant concurrent positions outside the Company)		Number of the Company's shares owned
Toshifumi Kanemitsu (December 25, 1961)	May 1982	Joined the Company	500
	Nov. 2009	General Manager of Technical Section of Manufacturing Department of Engineering Division	
	Nov. 2013	General Manager of Technical Section of Engineering Business Headquarters	
	Nov. 2015	General Manager of Procurement Section of Engineering Business Headquarters	
	Nov. 2016	General Manager of Procurement Section of Engineering Business Division	
	Nov. 2017	Senior Staff of Office of Internal Audit (present)	
Reason for nomination as a candidate for Audit & Supervisory Board Member Toshifumi Kanemitsu has knowledge in a broad range of fields from having served in management in multiple departments in the machinery products business. Accordingly, believing him capable of appropriately carrying out audit and supervisory duties based on this insight, the Company nominates him as a candidate for Audit & Supervisory Board Member.			

Note: There is no special interest between the candidate and the Company.

Proposal No. 4: Payment of Retirement Benefits to Retiring Audit & Supervisory Board Member and Final Payment of Retirement Benefits in Conjunction with Abolition of Retirement Benefit Plan for Directors and Audit & Supervisory Board Members

At the conclusion of this meeting, Tatsuo Yoshikawa will retire from office as Audit & Supervisory Board Member. 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.

It is also proposed that the determination as to the specific amounts, timing, method, etc., of payment be left to the agreement among Audit & Supervisory Board Members.

The career summary of the retiring Audit & Supervisory Board Member is as follows:

Name	Career summary
Tatsuo Yoshikawa	Jan. 2012 Audit & Supervisory Board Member of the Company (present)

In addition, the Company resolved at the meeting of the Board of Directors held on December 11, 2017, to abolish the retirement benefit plan for Directors and Audit & Supervisory Board Members as part of a revision of the remuneration system for Directors and Audit & Supervisory Board Members.

In conjunction with this resolution, the Company proposes to pay a final payment of retirement benefits to the currently serving Directors and Audit & Supervisory Board Members as described below, corresponding to their period of service until the conclusion of this meeting in accordance with the prescribed standards of the Company.

It is also proposed that this payment be made at the time of the respective retirement of each Director and Audit & Supervisory Board Member, and that the determination as to the specific amounts, method, etc., of payment be left to the discretion of the Board of Directors and the agreement among Audit & Supervisory Board Members, respectively.

The career summaries of the currently serving Directors and Audit & Supervisory Board Members subject to the final payment of retirement benefits are as follows:

Name	Career summary
Kuniaki Hagihara	Dec. 1976 Director of the Company Dec. 1979 Managing Director Dec. 1984 Representative Director and President Jan. 2016 Representative Director & Chairman (present)
Kazushi Asano	Jan. 2007 Director of the Company Jan. 2010 Retired from office as Director of the Company Jan. 2011 Director of the Company Jan. 2016 Representative Director and President (present)
Toshikazu Tanaka	Jan. 2003 Director of the Company (present)
Yoshihiro Sasahara	Jan. 2015 Director of the Company (present)
Junichi Yoshida	Jan. 2017 Director of the Company (present)
Yuji Nakahara	Jan. 2016 Outside Director of the Company (present)
Fumiyuki Akikusa	Jan. 2015 Outside Director of the Company (present)
Tatsuhiko Ishii	Jan. 2012 Audit & Supervisory Board Member of the Company (present)
Koji Miyake	Jan. 2016 Audit & Supervisory Board Member of the Company (present)

If this proposal is approved as proposed, the total amount of payment of retirement benefits and final payment of retirement benefits will be ¥287 million (¥277 million is allocated to Directors (of which ¥14 million is allocated to Outside Directors); and ¥10 million is allocated to Audit & Supervisory Board Members).

Proposal No. 5: Revision of Remuneration Amount for Directors

The remuneration amount for Directors of the Company was approved at the 47th Annual General Meeting of Shareholders held on January 26, 2010 to be within ¥13 million per month, and these have stayed in effect until present. However, if Proposal 2 is approved as proposed, the number of Directors will be increased by one (1); therefore, the Company proposes to revise the remuneration amount for Directors to be within ¥180 million per annum (of which the remuneration amount for Outside Directors is to be within ¥20 million per annum).

It is also proposed that the remuneration amount for Directors continues to not include employee's salaries portion for Directors who are also employees.

The number of Directors is currently seven (7) (of which two (2) are Outside Directors), and if Proposal 2 is approved as proposed, the number of Directors will be eight (8) (of which two (2) are Outside Directors).

Proposal No. 6: Determination of Amount of Share-Based Remuneration, etc. for Directors and Other Terms Thereof

1. Reason for the proposal and reasons justifying such remuneration

Remuneration for the Directors of the Company has been comprised of "basic remuneration" and "retirement benefits." However, in line with the abolition of the retirement benefit plan for Directors and Audit & Supervisory Board Members, the Company would like to ask for approval for the introduction of new share-based remuneration plan (the "Plan") for Directors (excluding Outside Directors; the same shall apply hereinafter). Please note that the Company would like to entrust the Board of Directors with the details of the Plan within the scope in 2. below.

The Plan is intended to increase the motivation of Directors to contribute to improving medium- to long-term corporate performance and to enhancing corporate value by further clarifying the linkage between value of the Company's shares and remuneration for the Directors and by having the Directors not only enjoy the benefits of a rise in the share price but also bear the risk of a share price decline thereby enabling Directors to share both the benefits and risk of share price fluctuations with the shareholders.

Specifically, the Company would like to ask for approval for granting new share-based remuneration for Directors of the Company serving during the five-year period from the fiscal year ending October 31, 2018 to the fiscal year ending October 31, 2022 (the "Target Period") separate from the remuneration limit (¥180 million per annum, if Proposal 5 is approved as proposed; provided, however, that this excludes the employee's salaries portion for Directors who are also employees).

If Proposal 2 is approved as proposed, the Directors eligible to receive remuneration under the Plan will be six (6).

2. Amount and contents, etc. of remuneration under the Plan

(1) Overview of the Plan

The Plan is a share-based remuneration plan, under which a trust established and funded with money by the Company (the "Trust") shall acquire shares of the Company, and a number of such shares, which shall correspond to the number of points awarded to each Director by the Company according to the rank of each Director, shall be delivered to the Director through the Trust. Such shares shall be delivered to each Director at the time of his/her retirement from office, in principle.

Please refer to the following [Reference] for other information on the basic framework of the Plan.

(2) Upper limit on the amount of money to be contributed by the Company

Initially the trust period shall be approximately five (5) years, and the Company shall establish the Trust for the benefit of Directors who meet certain beneficiary requirements, by contributing, during the trust period, an amount not exceeding ¥150 million, as funds necessary for the Trust to acquire shares of the Company to be delivered to Directors under the Plan, as part of the remuneration for Directors in service during the Target Period. The Trust shall acquire shares of the Company using the money entrusted by the Company, either from the Company in the form of purchase of its treasury shares that are disposed of or from the exchange market (including in after-hours trading).

Note: The monetary amount to be actually entrusted to the Trust by the Company shall be the amount including the estimated necessary expenses such as trust fees and payment for the trust administrator, etc. on top of the abovementioned funds for acquiring shares of the Company.

At the time of expiration of the trust period (or at the time of expiration of the extended trust period when the trust period has been extended and the Plan has been continued by the procedure described below), the Company may keep the Plan in place by extending the trust period by a decision of the Board of Directors of the Company that is limited in its scope to each occasion of extension. In such case, the Company shall additionally contribute an amount not exceeding the amount obtained by

multiplying the number of years of the trust period to be extended by ¥30 million into the Trust for each extended trust period, as the additional funds for acquiring shares of the Company necessary for the purpose of delivering shares to Directors under the Plan. In this case, the Target Period would be extended in response to the continuation of the Plan and the extension of the trust period, and the award of points as described in (3) i) below, as well as the delivery of shares of the Company as described in (4) below shall continue during the extended trust period.

However, even in the case where the award of points is not continued as described above, if there are Directors who already received the awarded points at the expiry of the trust period, but have not yet retired from office, the Company may extend the trust period of the Trust until such Directors retire from office and the delivery of shares of the Company is completed.

(3) Method of calculation of the number of shares of the Company to be delivered to Directors and the maximum number of shares to be delivered

i) Method of awarding points to Directors and the maximum number of points to be awarded

The Company shall, pursuant to the Share Delivery Regulations established by its Board of Directors, award to each Director the number of points calculated in accordance with the rank of each Director at the date of awarding points set forth in the Share Delivery Regulations during the trust period.

However, the aggregate number of points to be awarded by the Company to the Directors shall be up to a limit of 30,000 points for each fiscal year.

ii) Delivery of shares of the Company based on the number of points awarded

Directors shall receive the delivery of shares of the Company in accordance with the procedure described in (4) below based on the number of points awarded under i) above.

One point shall correspond to one Company's share; provided, however, that in the event of circumstances that can reasonably justify adjustment to the number of shares of the Company to be delivered, such as share split or share consolidation of shares of the Company, the Company shall make reasonable adjustment according to the ratio of such share split or share consolidation or other circumstances.

(4) Delivery of shares of the Company to Directors

Delivery of shares of the Company to each Director as described in (3) above shall be done by the Trust, subject to the completion of the predetermined beneficiary verification procedures by each Director at the time of his/her retirement from office; provided, however, that a certain portion of the shares of the Company to be delivered may be sold/realized in the Trust first, and delivered in the form of money in lieu of shares of the Company, and that in the event of realization of shares of the Company held in the Trust due to the settlement following the circumstances such as subscription of a tender offer for shares of the Company held in the Trust, the Trust may also effect the delivery in the form of money in lieu of shares of the Company.

[Reference]

(The contents were extracted from "Notice concerning Abolition of Retirement Benefit Plan for Directors and Audit & Supervisory Board Members, and Introduction of Share-based Remuneration Plan" released on December 11, 2017)

1. Purpose of the introduction of the Plan

The Plan is intended to increase the motivation of Directors to contribute to improving medium- to long-term corporate performance and to enhancing corporate value by further clarifying the linkage between value of the Company's shares and remuneration for the Directors, and by having the Directors not only enjoy the merits of a rise in the share price but also bear the risk of a share price decline thereby enabling Directors to share both the benefits and risk of share price fluctuations with the shareholders.

2. Overview of the Plan

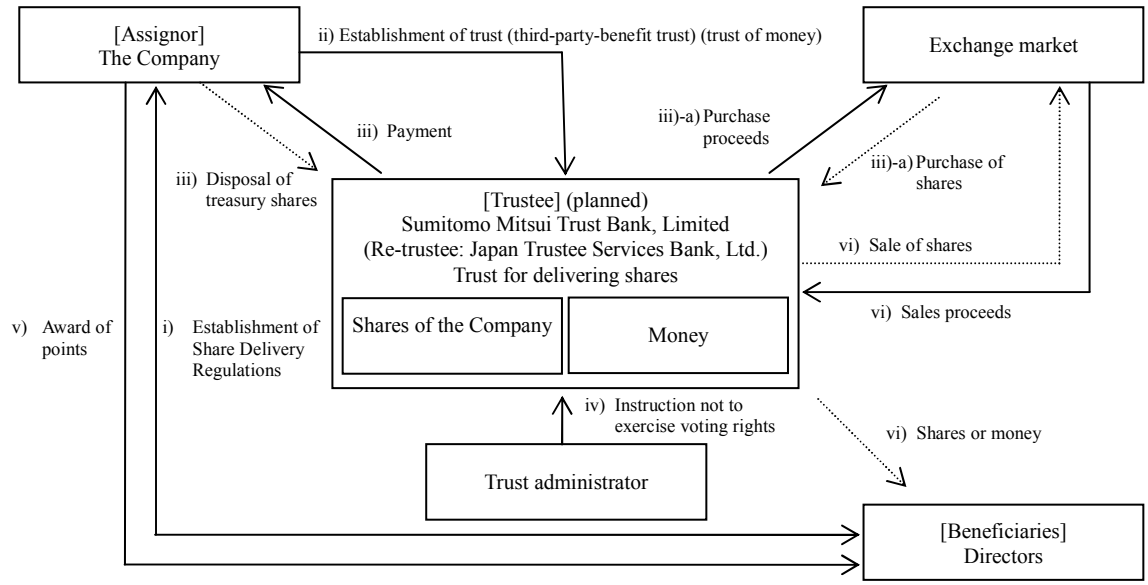
(1) Overview of the Plan

The Plan is a share-based remuneration plan, under which a trust established and funded with money by the Company (the "Trust") shall acquire shares of the Company, and a number of such shares, which shall correspond to the number of points awarded to each Director by the Company according to the rank of each Director, shall be delivered to the Director through the Trust.

The Directors serving during the five-year period from the fiscal year ending October 31, 2018 to the fiscal year ending October 31, 2022 (the "Target Period") are eligible for the Plan.

In addition, the Company's shares shall be delivered to each Director at the time of his/her retirement from office, in principle.

<Overview of Structure of the Plan>



i) The Company shall establish Share Delivery Regulations for Directors.

ii) The Company shall establish the trust (third-party-benefit trust; hereinafter, the "Trust") for delivering shares to Directors as beneficiaries. In doing so, the Company shall entrust an amount of money to the trustee equivalent to that for funds to acquire shares (limited to the amount approved at the general meeting of shareholders).

iii) The trustee shall acquire, in one lump, a number of shares of the Company sufficient for the expected future delivery of shares (either by undertaking disposal of treasury shares or through the exchange market (including in after-hours trading)).

iv) The Company shall appoint a trust administrator (must be a party independent from the Company and its Directors and Audit & Supervisory Board Members) to be responsible for protecting the interests of the beneficiaries subject to the Share Delivery Regulations and for supervising the trustee throughout the trust period. The voting rights associated with the shares of the Company held in the Trust shall not be exercised during the trust period.

v) The Company shall award points to eligible Directors in accordance with the Share Delivery Regulations.

vi) Directors meeting the requirements set forth in the Share Delivery Regulations and the trust agreement related to the Trust shall receive, as beneficiaries of the Trust, a delivery of shares of the Company corresponding to the accumulated number of points from the trustee. In certain specific cases set forth in advance in the Share Delivery Regulations and the trust agreement, the trustee shall sell in the exchange market a portion of the shares to be delivered and deliver money instead.

Trustee for the Plan, Sumitomo Mitsui Trust Bank, Limited shall entrust (re-entrust) the administration of the trust property to Japan Trustee Services Bank, Ltd.

(2) Establishment of the Trust

Subject to approval of the proposed introduction of the Plan being given by this general meeting of shareholders, the Company shall establish the Trust by contributing the funds necessary for the Trust to acquire, in advance for a certain specific period of time, such number of shares of the Company as is reasonably expected to be required for delivery pursuant to (7) below. As described in (5) below, the Trust shall acquire shares of the Company by applying the funds contributed by the Company as a source of its funds. Trustee for the Plan, Sumitomo Mitsui Trust Bank, Limited shall entrust (re-entrust) the administration of the trust property to Japan Trustee Services Bank, Ltd.

(3) Trust period

The trust period is approximately five (5) years, starting in March 2018 (planned) and ending in March 2023 (planned); provided, however, that as described in (4) below, this trust period may be extended.

(4) Upper limit on the amount of trust money to be contributed to the Trust as funds to acquire shares

The Company shall establish the Trust for the benefit of Directors who meet certain beneficiary requirements, by contributing, during the trust period, an amount not exceeding ¥150 million, as funds necessary for the Trust to acquire shares of the Company to be delivered to Directors under the Plan, as part of the remuneration for Directors in service during the Target Period. The Trust shall acquire shares of the Company using the money entrusted by the Company, either from the Company in the form of purchase of its treasury shares that are disposed of or from the exchange market (including in after-hours trading).

Note: The monetary amount to be actually entrusted to the Trust by the Company shall be the amount including the estimated necessary expenses such as trust fees and payment for the trust administrator, etc. on top of the abovementioned funds for acquiring shares of the Company.

At the time of expiration of the trust period (or at the time of expiration of the extended trust period when the trust period has been extended and the Plan has been continued by the procedure described below), the Company may keep the Plan in place by extending the trust period by a decision of the Board of Directors of the Company that is limited in its scope to each occasion of extension. In such case, the Company shall additionally contribute an amount not exceeding the amount obtained by multiplying the number of years of the trust period to be extended by ¥30 million into the Trust for each extended trust period, as the additional funds for acquiring shares of the Company necessary for the purpose of delivering shares to Directors under the Plan. In this case, the Target Period would be extended in response to the continuation of the Plan and the extension of the trust period, and the award of points as described in (6) below, as well as the delivery of shares of the Company as described in (8) below shall continue during the extended trust period.

However, even in the case where the award of points is not continued as described above, if there are Directors who already received the awarded points at the expiry of the trust period, but have not yet retired from office, the Company may extend the trust period of the Trust until such Directors retire from office and the delivery of shares of the Company is completed.

(5) Method of acquisition of shares of the Company by the Trust

The Company plans to have the Trust initially acquire its shares by undertaking disposal of treasury shares held by the Company or through the exchange market within the upper limit on the amount of funds to acquire shares as described in (4) above, but the Company shall decide on the details of the acquisition method and disclose such details after the resolution at this general meeting of shareholders.

If, during the trust period, due to an increase in the number of Directors or any other cause, the number of shares of the Company kept within the Trust becomes short of that corresponding to the number of points to be awarded to the eligible Directors during the trust period, the Company may have the Trust acquire additional shares by leaving additional money in Trust within the scope of the upper limit on the trust money approved by this general meeting of shareholders as described in (4) above.

(6) Method of calculation of the number of points to be awarded to each Director

The Company shall, pursuant to the Share Delivery Regulations established by its Board of Directors, award to each Director the number of points calculated in accordance with the rank of each Director at the date of awarding points set forth in the Share Delivery Regulations during the trust period.

However, the aggregate number of points to be awarded by the Company to the Directors shall be up to a limit of 30,000 points for each fiscal year.

(7) Delivery of shares of the Company based on the number of points awarded

Directors shall receive the delivery of shares of the Company in accordance with the procedure described in (8) below based on the number of points awarded under (6) above.

One point shall correspond to one Company's share; provided, however, that in the event of circumstances that can reasonably justify adjustment to the number of shares of the Company to be delivered, such as share split or share consolidation of shares of the Company, the Company shall make reasonable adjustment according to the ratio of such share split or share consolidation or other circumstances.

(8) Delivery of shares of the Company to each Director

Delivery of shares of the Company to each Director as described in (7) above shall be done by the Trust, subject to the completion of the predetermined beneficiary verification procedures by each Director at the time of his/her retirement from office; provided, however, that a certain portion of the shares of the Company to be delivered may be sold/realized in the Trust first, and delivered in the form of money in lieu of shares of the Company, and that in the event of realization of shares of the Company held in the Trust due to the settlement following the circumstances such as subscription of a tender offer for shares of the Company held in the Trust, the Trust may also effect the delivery in the form of money in lieu of shares of the Company.

(9) Exercise of the voting rights

Pursuant to the instructions of the trust administrator who is independent from the Company and its Directors and Audit & Supervisory Board Members, the voting rights associated with the shares of the Company held in the Trust shall not be exercised without exception, which will assure the neutrality of the Company's management in relation to exercise of the voting rights of such shares.

(10) Handling of dividends

Dividends on the shares of the Company held in the Trust shall be received by the Trust, and shall be applied towards payment for acquisition of shares of the Company, trust fees for the trustee associated with the Trust, etc.

(11) Procedure at the time of termination of the Trust

Of the residual property left within the Trust at the time of termination of the Trust, the Company plans to acquire all of the residual shares without charge and retire them by a resolution of the Board of Directors. Of the residual property left within the Trust at the time of termination of the Trust, pursuant to the provisions of the Share Delivery Regulations and the trust agreement, the Company plans to donate a certain amount of residual money to specified public-service promotion corporations which do not have any interest in the Company or any Director and Audit & Supervisory Board Member of the Company.

(Reference: Overview of the Trust)

i) Name: Trust for delivering shares to officers

ii) Assignor: The Company

iii) Trustee: Sumitomo Mitsui Trust Bank, Limited

(Re-trustee: Japan Trustee Services Bank, Ltd.)

iv) Beneficiaries: Directors who satisfy beneficiary requirements

v) Trust administrator: Planned to appoint third party having no interest in the Company

vi) Type of trust: Trust of money other than money trust (third-party-benefit trust)

vii) Date of execution of trust agreement: March 2018 (planned)

viii) Date on which money will be entrusted: March 2018 (planned)

ix) Trust period: March 2018 to March 2023 (planned)