

*Note: This Notice of Convocation of the Ordinary General Meeting of the Shareholders is a translation of a document originally made in the Japanese language. In addition, this translation omits some items included in such original document. In case of any inconsistency, the original document in Japanese shall prevail. In no case shall the Company be responsible for the accuracy or reliability of the material provided in this translation, or for any consequence resulting from use of the information in this translation.*

Securities Code: 3751

June 1, 2016

To the Shareholders:

Tetsuo Yamashita  
Chairman and Chief Executive Officer  
Japan Asia Group Limited  
2 Rokubancho, Chiyoda-ku, Tokyo

### **Notice of Convocation of the 29<sup>th</sup> Ordinary General Meeting of the Shareholders**

You are cordially invited to attend the 29<sup>th</sup> ordinary general meeting of the shareholders that will be held as described below.

**If you are unable to attend the meeting in person, you can exercise your voting rights in writing; please carefully review and consider the “REFERENCE MATERIALS FOR THE GENERAL MEETING OF THE SHAREHOLDERS” enclosed herein, and exercise your voting rights by returning to us by mail the enclosed form for the exercise of voting rights, indicating your votes cast “For” or “Against” each agendum, which we should receive no later than 5:30 p.m. on Wednesday, June 22, 2016.**

1. **Date and time:** 10:00 a.m., Thursday, June 23, 2016
2. **Place of Meeting:** “Houoh-no-ma”  
Meiji Kinenkan (Meiji Memorial Hall) 2F  
2-2-23 Moto-Akasaka, Minato-ku, Tokyo, Japan

### **3. Objectives of Meeting:**

#### **Reporting:**

1. Business Report, Consolidated Financial Statements and Audit Report by Independent Accounting Auditor and Audit & Supervisory Board for the 29<sup>th</sup> Fiscal Term (from April 1, 2015 to March 31, 2016)
2. Financial Statements for the 29<sup>th</sup> Fiscal Term (from April 1, 2015 to March 31, 2016)

#### **Matters to be resolved:**

- Agendum No. 1:** Disposal of Surplus
- Agendum No. 2:** Partial Amendments to the Articles of Incorporation
- Agendum No. 3:** Election of Eight (8) Directors
- Agendum No. 4:** Election of Three (3) Corporate Auditors
- Agendum No. 5:** Election of One (1) Substitute Corporate Auditor
- Agendum No. 6:** Change to Directors’ Remuneration

(Translation)

- (Note 1) For those attending the meeting, please present the enclosed “Form for the Exercise of Voting Rights” at the reception desk at the meeting.
- (Note 2) If changes are made to the attachments to this Notice of Convocation or the Reference Materials for the General Meeting of the Shareholders, those changes will be reported on our website (<http://www.japanasiagroup.jp/>).

# (Document attached to the Notice of Convocation of the Ordinary General Meeting of the Shareholders)

## Business Report

(For the Period of April 1, 2015 through March 31, 2016)

### 1. Analysis of Operating Results and Financial Position

#### (1) Analysis of Operating Results

##### (i) Progress and Results of Business

In this fiscal year (from April 1, 2015 to March 31, 2016), the Japanese economy saw firm capital investment, such as from the implementation of investment plans formulated when corporate earnings were strong. However, the real economic growth rate in the third quarter of the fiscal year (October–December 2015) turned negative for the first time in two quarters given stagnant consumer spending due to weak wage growth and the impact of the warm winter. Still, despite sluggish production in light of slowing overseas demand, factors such as inbound consumption by overseas visitors to Japan continued to support the Japanese economy.

In such an environment, the Japan Asia Group (“the Group”) worked as one towards building a sustainable society through the creation of green communities, guided by its mission statement, “Save the Earth, Make Communities Green.” Further, the Group put even more emphasis on profitability and growth, promoting structural reforms, human resources, and technological development.

Regarding the Group’s performance this fiscal year, the technical divisions of the geospatial information consulting business and the green energy business performed well. However, sales in the financial service business declined sharply due to fluctuations in market conditions.

As a result, consolidated sales were down 0.5% year-on-year from ¥75,903 million in the previous fiscal year to ¥75,524 million, operating income was ¥3,887 million (from ¥5,352 million), and ordinary income was ¥2,563 million (from ¥3,737 million). Profit attributable to owners of the parent was ¥411 million (down from ¥3,739 million) due to a provision for contingent loss at a subsidiary of ¥1,360 million treated as extraordinary losses.

Operating performance at each business segment is as follows. Note that the reportable business classification was revised from this fiscal year. Analysis of operating results for this fiscal year and year-on-year comparisons are based on the new classification.

Business segment	Net Sales	Business Income
Geospatial information consulting business	42,681 millions Yen	1,746 millions Yen
Green energy business	25,007 millions Yen	1,856 millions Yen
Financial service business	7,795 millions Yen	551 millions Yen

##### a. Geospatial information consulting business

This business’s core company, Kokusai Kogyo Co., Ltd., restructured its organization in order to reinforce its technological, marketing, and new business development capabilities. In addition, it redefined its business areas to green energy, disaster and environmental management, infrastructure, and geospatial information services, and aims to expand operations in each of these areas.

In this business, while the government’s initial budget for public works spending in fiscal 2015 projected only a modest increase from the previous year, the Group actively responded to projects to create communities, people, and jobs, and measures to prevent and reduce the impact of natural disasters, and prevent infrastructure deterioration, promoting the cultivation of business with prefectural and municipal government customers. The Group also worked to strengthen its manufacturing base, by encouraging more sharing of order and production line

information, smoothing fluctuations in work volume by bringing forward production, and other measures. In addition, the Group worked to win private-sector customers through a merger and collaboration with Kokusai Environment Solutions Co., Ltd., whose customer base is mainly large manufacturing companies.

As a result, orders and sales were firm, with orders received by the geospatial information consulting business totaling ¥42,146 million, up 2.0% year-on-year (from ¥41,320 million in the previous fiscal year), and net sales at ¥42,681 million, up 1.6% year-on-year (from ¥41,989 million in the previous fiscal year). Business income was ¥1,746 million, up by ¥365 million (from ¥1,381 million in the previous fiscal year).

b. Green energy business

JAG Energy Co., Ltd., which has operated a green energy business, and Kokusai Land & Development Co., Ltd., which operates a green property business, merged on July 1, 2015 and combined their businesses to become the new green energy business from this fiscal year. Additionally, the Group had already been focusing on the concept of energy saving, generation, and storage in the real estate and detached housing businesses, but using the merger of these two core companies and the integration of their businesses into this new business, it plans to step up its efforts in this area.

This business focuses on the power generation business, which sells electricity from the Group's solar power plants using the feed-in tariff system, and the consignment business, which plans, develops, and operates solar power plants, to provide real estate leasing, asset management, property management, project management, and real estate solutions, mainly through JAG Energy Co., Ltd., a core company of this business. In addition, KHC Ltd. is engaged in the detached housing business.

In the power generation business, the following solar power plants brought online during this fiscal year contributed to business income: Tamano-shi, Okayama Prefecture (4.0MW), Nakatado-gun, Mannou-cho, Kagawa Prefecture (2.0MW), Ushiku-shi, Ibaraki Prefecture (0.3MW), Sapporo-shi, Hokkaido Prefecture (0.95MW), Nagahama-shi, Shiga Prefecture (0.83MW), Takikawa-shi, Hokkaido Prefecture (0.61MW), and Karatsu-shi, Saga Prefecture (0.31MW). The Group is also working towards the construction of new solar power plants. It now has brought online more than 49 solar power plants for a combined output capacity of over 74MW. Earnings in both the consignment business and the detached housing business were strong, with the number of projects delivered in line with plan.

As a result, orders received by the green energy business totaled ¥17,931 million, down 26.7% year-on-year (from ¥24,456 million in the previous fiscal year), partly reflecting a pullback from large orders secured in the previous fiscal year. Net sales were ¥25,007 million, up 8.1% year-on-year (from ¥23,127 million in the previous year), supported by strong sales in the power generation business and solid performance in the consignment business due to the development of solar power plants orders received in the previous fiscal year. Business income was ¥1,856 million, up 10.9% year-on-year from ¥1,674 million in the previous fiscal year.

c. Financial service business

In this business, the Group operates a securities business through two subsidiaries, Japan Asia Securities Co., Ltd. and Okinawa Securities Ltd., and provides investment trust and investment advisory services and other financial services through another subsidiary, Japan Asia Asset Management Co., Ltd.

In this fiscal year under review, the Nikkei Stock Average approached the ¥21,000 level in July 2015, supported by strong corporate earnings and expectations for government policies. After that, the stock market fluctuated sharply between ¥16,000 and ¥20,000 due to concerns about the outlook for the global economy, which was triggered by a worldwide decline in equities, starting on the Shanghai market in China, and a drop in the crude oil price. This led to a stronger yen, fueling concern about a shortfall in corporate earnings in Japan. Until December 2015, the yen was largely stable against the US dollar, trading at around ¥120. However, the yen subsequently strengthened against the US dollar amid prospects for a moderate pace of interest rate hikes in the US and growing risk-off sentiment among investors due to sharp falls in equities in the US and Japan. By March 2016, the currency was trading at the low ¥111 level.

(Translation)

In this business, the Group worked to strengthen its customer base by expanding assets under management. This included the sale of a new fund product by Japan Asia Securities Co., Ltd. called US M&A Focus Equities Fund, in line with its investment strategy for fiscal 2015. However, amid risk-off sentiment worldwide, income from foreign equities in particular declined, leading to a drop in business income compared with the previous fiscal year. Income also declined at Okinawa Securities Ltd. following moves to expand its offering of foreign equities, in addition to its existing line of offered products such as investment trusts. As a result, sales totaled ¥7,795 million, down 27.5% from ¥10,755 million in the previous fiscal year. Business income was ¥551 million, down 78.9% from ¥2,608 million in the previous fiscal year.

(ii) Capital Investment

During this consolidated fiscal year, we made a capital investment of 7,180 million Yen. The principal targets included the development of solar power plants in the Green energy business.

(iii) Financing

The necessary funds for our operations were raised by borrowings from financial institutions and by the issuance of bonds, etc.

(iv) Other Significant Matters Concerning the Current Status of the Corporate Group

We passed a resolution at the Board of Directors' meeting held on February 12, 2016 to carry out a share exchange with KHC Ltd. effective April 1, 2016.

As a result, it became our wholly owned subsidiary company.

*[Items (2) Consolidated financial summary, (3) Status of principal parent company and subsidiaries, (4) Issues to be addressed, (5) Main business, (6) Main sites, (7) Employees, (8) Major lenders, and (9) Policy on distribution of surplus in this section are omitted.]*

## 2. Current Situation of Shares of the Company

- |                                   |            |
|-----------------------------------|------------|
| (i) Number of shares authorized   | 67,853,480 |
| (ii) Number of shares outstanding | 27,652,880 |
| (iii) Number of shareholders      | 10,843     |
| (iv) The 10 largest shareholders  |            |

Name of Shareholder	Number of Shares	Percentage of Total
Aizawa Securities Co., Ltd.	3,448,760	12.47%
JAPAN ASIA HOLDINGS LIMITED	2,624,800	9.49%
JA PARTNERS LTD	673,600	2.43%
The Master Trust Bank of Japan, Ltd.	579,700	2.09%
Nomura Singapore Limited Customer Segregated A/C FJ-1309	530,050	1.91%
Mizuho Bank, Ltd.	495,070	1.79%
Chase Manhattan Bank GTS Clients Account Escrow	490,184	1.77%
Sompo Japan Nipponkoa Insurance Inc.	438,810	1.58%
Tetsuo Yamashita	368,930	1.33%
Resona Bank, Limited	336,940	1.21%

(Note) The percentage of shares held has been calculated excluding treasury stock (12,465 shares).

## 3. Current Situation of Stock Acquisition Rights, etc.

Current situation of stock acquisition rights, etc. held by the Corporate Officers of the Company as of the end of this fiscal year

### (1) Stock acquisition rights by resolution of the Board of Directors' meeting held on June 13, 2013 (First Issue of Stock Acquisition Rights)

- (i) Total number of stock acquisition rights held:  
2,240 units
- (ii) Class and number of shares subject to stock acquisition rights:  
224,000 common shares (100 shares per 1 unit of stock acquisition right)

(Note)

In conjunction with the resolution at the meeting of the Board of Directors held on May 23, 2013, to split the Company's common shares on a basis of 10 for 1 effective October 1, 2013, the number of shares subject to the stock acquisition rights changed from 25,900 shares to 259,000 shares.

## (iii) Current situation of stock acquisition rights held by the Corporate Officers of the Company

Recipient's position	Name	Exercise period	Issue price	Number of stock acquisition rights	Number of stock acquisition rights holders
			Exercise price		
Directors (excluding Outside Directors)	First Issue of Stock Acquisition Rights	From July 12, 2013 to July 11, 2018	1,300 yen	2,100 units	4
			5,100 yen		
Outside Directors	First Issue of Stock Acquisition Rights	From July 12, 2013 to July 11, 2018	1,300 yen	10 units	1
			5,100 yen		
Corporate Auditors	First Issue of Stock Acquisition Rights	From July 12, 2013 to July 11, 2018	1,300 yen	130 units	3
			5,100 yen		

(Note) Conditions on exercise of the First Issue of Stock Acquisition Rights are as follows:

- (i) When operating income (hereinafter, operating income shall refer to the operating income recorded on Consolidated P/L Statement (or P/L Statement, if a Consolidated P/L Statement has not been prepared) included in the Company's securities report) for the fiscal year ended March 31, 2014 exceeds the amounts noted in either (a) or (b) below, a holder of stock acquisition rights ("stock acquisition rights holder") may exercise the number of stock acquisition rights corresponding to the ratios noted in either (a) or (b) below (hereinafter, "Exercisable Ratio") among the stock acquisition rights that have been allotted, at any time during the period beginning from July 1, 2014 until the final day of the exercise period. If the number of exercisable stock acquisition rights includes fractional amounts, this number shall be rounded down. If the application of International Financial Reporting Standards or other rules results in a major change to our concept of the reference criteria, the Board of Directors shall, to a reasonable extent, indicate appropriate guidelines to be referenced.
  - (a) When operating income exceeds 2,000 million yen Exercisable Ratio: 50%
  - (b) When operating income exceeds 2,500 million yen Exercisable Ratio: 100%
- (ii) If, during the period from the allotment date to June 30, 2014, the monthly average (average of the latest 21 business days in Japan including the current date; any amounts of less than one yen shall be rounded down) of the closing price of the Company's common shares on any financial instruments exchange even once falls below 60% of the exercise price on any one day, the stock acquisition rights holder may not exercise this stock acquisition rights from the following day.
- (iii) At the time of the exercise of stock acquisition rights, the stock acquisition rights holder must be a Director, Corporate Auditor, or employee of the Company or an affiliate of the Company. However, this shall not apply when there is deemed by the Board of Directors to be justifiable reason. Said reasons may include retirement upon the expiration of one's term, mandatory retirement, etc.
- (iv) The exercise of this stock acquisition rights by an heir of a stock acquisition rights holder shall not be allowed.
- (v) In the event the exercise of this stock acquisition rights shall result in the total number of shares outstanding by the Company exceeding the number of authorized shares, the exercise of such stock acquisition rights shall be prohibited.
- (vi) The execution of the fractional stock acquisition rights shall not be allowed.

**(2) Stock acquisition rights by resolution of the Board of Directors' meeting held on June 16, 2014 (Seventh Issue of Stock Acquisition Rights)**

- (i) Total number of stock acquisition rights held:  
2,492 units
- (ii) Class and number of shares subject to stock acquisition rights:  
249,200 common shares (100 shares per 1 unit of stock acquisition right)

## (iii) Current situation of stock acquisition rights held by the Corporate Officers of the Company

Recipient's position	Name	Exercise period	Issue price	Number of stock acquisition rights	Number of stock acquisition rights holders
			Exercise price		
Directors (excluding Outside Directors)	Seventh Issue of Stock Acquisition Rights	From July 1, 2015 to June 25, 2019	900 yen	2,240 units	5
			567 yen		
Outside Directors	Seventh Issue of Stock Acquisition Rights	From July 1, 2015 to June 25, 2019	900 yen	92 units	2
			567 yen		
Corporate Auditors	Seventh Issue of Stock Acquisition Rights	From July 1, 2015 to June 25, 2019	900 yen	160 units	3
			567 yen		

(Note) Conditions on exercise of the Seventh Issue of Stock Acquisition Rights are as follows:

- (i) When operating income for any of the fiscal years ended March 31, 2015, March 31, 2016, and March 31, 2017 exceeds the amounts noted in either (a) or (b) below (hereinafter "Target Operating Income Amounts"), a holder of stock acquisition rights (hereinafter "stock acquisition rights holder") may exercise the number of stock acquisition rights corresponding to the ratios noted in either (a) or (b) below (hereinafter "Exercisable Ratio") among the stock acquisition rights that have been allotted, at any time during the period beginning from the first day of the month immediately following the submission date of the annual securities report for the fiscal year in which operating income has met said target for the first time until the final day of the exercise period.
  - (a) When operating income exceeds 5,700 million yen Exercisable Ratio: 25%
  - (b) When operating income exceeds 7,300 million yen: Exercisable Ratio: 100%
- (ii) Notwithstanding (i) above, if net income of any of the fiscal years ended March 31, 2015, March 31, 2016, and March 31, 2017 has fallen short of 2,500 million yen before either of the conditions listed in (a) or (b) prescribed in (i) above is met, a stock acquisition rights holder may not exercise these stock acquisition rights on or after the submission date of the annual securities report for said period. However, this does not apply to stock acquisition rights that had become exercisable before said submission date.
- (iii) The determination of whether the conditions referred to in (i) and (ii) have been met shall be made in reference to operating income and net income stated in the consolidated statement of income (or non-consolidated statement of income if consolidated statement of income are not prepared) included in annual securities reports of the Company. If there is a significant change in the concept of operating income to be referenced due to a change in the applicable accounting standards or if the Board of Directors of the Company determines that it is reasonably necessary to change the Target Operating Income Amounts due to a merger, share exchange, share transfer, demerger, business transfer or other acts of reorganization, or a significant change in the business plan carried out by the Company after the issuance of these stock acquisition rights, the Company shall, pursuant to the resolution of the Board of Directors of the Company, prescribe to a reasonable extent other appropriate indexes that should be referenced and their numerical threshold to be used as a condition for the exercise of stock acquisition rights.
- (iv) Notwithstanding (i) and (ii) above, if, during the period from the allotment date to June 30, 2015, the monthly average (average of the latest 21 business days in Japan including the current date; any amounts of less than one yen shall be rounded down) of the closing price of the Company's common shares on any financial instruments exchange even once falls below 60% of the exercise price on any one day, the stock acquisition rights holder may not exercise these stock acquisition rights from the following day.
- (v) At the time of the exercise of stock acquisition rights, the stock acquisition rights holder must be a Director, Corporate Auditor, or employee of the Company or a subsidiary of the Company. However, this shall not apply when there is deemed by the Board of Directors to be justifiable reason. Said reasons may include retirement upon the expiration of one's term, mandatory retirement, etc.
- (vi) The exercise of this stock acquisition rights by an heir of a stock acquisition rights holder shall not be allowed.



(Translation)

- (vii) In the event the exercise of this stock acquisition rights shall result in the total number of shares outstanding by the Company exceeding the number of authorized shares, the exercise of such stock acquisition rights shall be prohibited.
- (viii) The execution of the fractional stock acquisition rights shall not be allowed.

#### 4. Current Situation of Corporate Officers of the Company

##### (1) Current Situation of Directors and Corporate Auditors (as of March 31, 2016)

Position	Name	Areas of Responsibility and Significant Concurrent Positions
Chairman and CEO	Tetsuo Yamashita	
Director	Sandra Wu, Wen-Hsiu	Chairman and Representative Director, Kokusai Kogyo Co., Ltd.
Director	Kazunobu Watanabe	In charge of Corporate Planning Department, Corporate Communications Department, Financial Development Department, and Financial Department
Director	Koichi Yonemura	In charge of Accounting Department, and General Affairs and Human Resources Department Director, Kokusai Kogyo Co., Ltd.
Director	Yoshiaki Kiyomi	
Director	Koji Tanabe	Outside Director (Please refer to "Current Situation of Outside Officers.")
Director	Satoshi Yasugi	Outside Director (Please refer to "Current Situation of Outside Officers.")
Full-time Corporate Auditor	Kenji Numano	Outside Corporate Auditor (Please refer to "Current Situation of Outside Officers.")
Corporate Auditor	Tatsuo Udo	Corporate Auditor, Kokusai Kogyo Co., Ltd.
Corporate Auditor	Kazuo Kobayashi	Outside Corporate Auditor (Please refer to "Current Situation of Outside Officers.")

- (Note)
1. Koji Tanabe and Satoshi Yasugi, Directors, are outside directors defined in Article 2, Item 15 of the Companies Act.
  2. Kenji Numano and Kazuo Kobayashi, Corporate Auditors, are outside corporate auditors defined in Article 2, Item 16 of the Companies Act.
  3. Koji Tanabe and Satoshi Yasugi, Directors, and Kenji Numano and Kazuo Kobayashi, Corporate Auditors, are designated as independent officers who are not subject to the risks of conflict of interest with ordinary investors as prescribed in Article 436-2 of the listing rules of the Tokyo Stock Exchange. They are registered as such with the Tokyo Stock Exchange.
  4. Tatsuo Udo, Director, has longstanding work experience at a financial institution, and also has considerable expertise in the financial and accounting areas.

##### (2) Matters related to the Limited Liability Agreement

It is prescribed in Articles 30 and 41 of the Articles of Incorporation that the Company may, pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, enter into an agreement with each of the Outside Directors and Corporate Auditors to limit his/her liability if such person is acting in good faith and is not grossly negligent in performing his/her duties.

The following is an outline of the terms of such a limited liability agreement entered into by and between the Company and each of the Outside Directors, each of the Corporate Auditors, and each of the Outside Corporate Auditors:

(Outline of Terms of the Limited Liability Agreement)

(Translation)

If an Outside Director, Corporate Auditor or Outside Corporate Auditor neglected his/her duties and caused damages to the Company as a result thereof, but if he/she acted in good faith and was not grossly negligent in performing such duties, then his/her liability to the Company shall be limited to the Minimum Liability Amount defined in Article 425 of the Companies Act.

### (3) Total Amount of Remuneration, etc., for Directors and Corporate Auditors

Recipient's Position	Number of Persons	Total Amount of Remuneration, etc.
Directors (including Outside Directors)	7 (2)	302 million yen (15) million yen
Corporate Auditors (including Outside Corporate Auditors)	3 (2)	26 million yen (20) million yen
Grand Total (including Outside Officers)	10 (4)	329 million yen (35) million yen

- (Note)
1. The total amount of remuneration, etc., for Directors does not include the amount of employee salaries to be paid to the Directors who also serve as employees of the Company.
  2. It has been resolved at the 21<sup>st</sup> Ordinary General Meeting of the Shareholders, held on January 27, 2009, that the maximum amount of remuneration for Directors is the aggregate of (i) the fixed amount of 300 million yen or less per year, and (ii) the floating amount equivalent to five (5) percent or less of the net profit that belongs to the shareholders of the parent company for the previous fiscal year.
  3. It has been resolved at the 21<sup>st</sup> Ordinary General Meeting of the Shareholders, held on January 27, 2009, that the maximum amount of remuneration for Corporate Auditors is 50 million yen or less per year.
  4. The grand total of remunerations, etc., includes 14.3 million yen as the provision of reserve for officers' bonuses for this fiscal year (13.7 million yen for 5 Directors and 0.6 million yen for 3 Corporate Auditors).
  5. In addition to the above, the amount of remuneration received by Outside Directors from subsidiaries of the Company as the officers thereof during this fiscal year was 1.4 million yen.

### (4) Current Situation of Outside Officers

- (i) Entities in which Outside Officers hold Significant Concurrent Positions;  
Description on how the Entities are Related with the Company

Position	Name	Significant Concurrent Position	Relationship between the Company and the Entity in which the Outside Officer holds a Concurrent Position
Outside Director	Koji Tanabe	Professor, School of Environment and Society, Tokyo Institute of Technology	There is no significant transaction or other relationship between the Company and the Tokyo Institute of Technology.
Outside Director	Satoshi Yasugi	Professor, Graduate School of Japan University of Economics	There is no significant transaction or other relationship between the Company and the Graduate School of the Japan University of Economics.
Outside Corporate Auditor	Kenji Numano	Corporate Auditor, JAG Energy Co., Ltd.	JAG Energy Co., Ltd. is a wholly owned subsidiary of the Company and develops renewable energy power plants.
Outside Corporate Auditor	Kazuo Kobayashi	Outside Director, Aizawa Securities Co., Ltd.	Aizawa Securities Co., Ltd. holds shares in the Company (shareholding ratio 12.47%).

## (ii) Status of major activities being conducted by the Outside Officers

Position	Name	Status of Activities
Outside Director	Koji Tanabe	He has attended all of the seventeen meetings of the Board of Directors held during this fiscal year. At the Board of Director's meetings, he has provided necessary advice and suggestions for resolutions and deliberations, based on his extensive academic expertise.
Outside Director	Satoshi Yasugi	Since his assumption as a Director, he has attended all of the thirteen meetings of the Board of Directors' meetings held during this fiscal year. At the Board of Director's meetings, he has provided necessary advice and suggestions for resolutions and deliberations, based on his extensive academic expertise.
Outside Corporate Auditor	Kenji Numano	He has attended all of the seventeen meetings of the Board of Directors and all of the fifteen meetings of the Board of Corporate Auditors. At these meetings, he has provided advice and suggestions by, for example, delivering his opinion based on a broad perspective not encumbered by the norms of the industries to which the Company belongs.
Outside Corporate Auditor	Kazuo Kobayashi	He has attended all of the seventeen meetings of the Board of Directors and all of the fifteen meetings of the Board of Corporate Auditors. At these meetings, he has provided advice and suggestions by, for example, delivering his opinion based on a broad perspective not encumbered by the norms of the industries to which the Company belongs.

*[Sections 5. Status of accounting auditor to 6. System to ensure the appropriateness of business operations and outline of implementation status of such systems are omitted.]*

**CONSOLIDATED BALANCE SHEET**

(As of March 31, 2016)

<b><u>ASSETS</u></b>	(Millions of yen)
<b>Current assets</b>	<b>79,171</b>
Cash and deposits	30,528
Cash segregated as deposits	4,795
Notes and accounts receivable - trade	27,080
Trading products in securities business	288
Work in process	132
Raw materials and supplies	35
Real estate for sale	6,475
Margin transaction assets in securities business	5,800
Short-term loans receivable	20
Accounts receivable - other	686
Deferred tax assets	878
Other	2,504
Allowance for doubtful accounts	(54)
<b>Non-current assets</b>	<b>41,787</b>
<b>Property, plant and equipment</b>	<b>32,467</b>
Buildings and structures	3,165
Machinery, equipment and vehicles	14,229
Land	7,129
Leased assets	5,370
Construction in progress	1,973
Other	599
<b>Intangible assets</b>	<b>469</b>
Other	469
<b>Investment and other assets</b>	<b>8,850</b>
Investment securities	3,995
Investments in other securities of subsidiaries and associates	177
Long-term loans receivable	151
Lease and guarantee deposits	2,168
Deferred tax assets	161
Other	3,336
Allowance for doubtful accounts	(1,138)
<b>Deferred assets</b>	<b>604</b>
Deferred organization expenses	1
Business commencement expenses	602
<b>TOTAL ASSETS</b>	<b>121,563</b>

(continued)

<b><u>LIABILITIES</u></b>	(Millions of yen)
<b>Current liabilities</b>	<b>50,106</b>
Accounts payable - trade	6,879
Short-term loans payable	6,521
Deposits received related to securities business	2,963
Current portion of bonds	11,496
Current portion of long-term loans payable	5,418
Lease obligations	494
Accounts payable - other	2,308
Income taxes payable	696
Margin transaction liabilities in securities business	4,475
Provision for bonuses	1,487
Provision for directors' bonuses	14
Provision for loss on order received	175
Provision for contingent loss	1,360
Other	5,814
<b>Non-current liabilities</b>	<b>43,182</b>
Bonds payable	4,701
Long-term loans payable	27,468
Lease obligations	5,339
Deferred tax liabilities	837
Net defined benefit liabilities	2,548
Other	2,287
<b>Reserves under special laws</b>	<b>61</b>
Reserve for financial products transaction liabilities	61
<b>TOTAL LIABILITIES</b>	<b>93,349</b>
<hr/>	
<b><u>NET ASSETS</u></b>	
<b>Shareholders' equity</b>	<b>25,790</b>
<b>Capital stock</b>	<b>3,995</b>
<b>Capital surplus</b>	<b>1</b>
<b>Retained earnings</b>	<b>21,802</b>
<b>Treasury shares</b>	<b>(8)</b>
<b>Accumulated other comprehensive income</b>	<b>834</b>
<b>Valuation difference on available-for-sale securities</b>	<b>1,031</b>
<b>Deferred gains or losses on hedges</b>	<b>(51)</b>
<b>Foreign currency translation adjustments</b>	<b>(7)</b>
<b>Remeasurements of defined benefit plans</b>	<b>(137)</b>
<b>Subscription rights to shares</b>	<b>16</b>
<b>Non-controlling interests</b>	<b>1,572</b>
<b>TOTAL NET ASSETS</b>	<b>28,213</b>
<hr/>	
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>121,563</b>

**CONSOLIDATED STATEMENT OF INCOME**

(From April 1, 2015 to March 31, 2016)

	(Millions of yen)
<b>Net sales</b>	<b>75,524</b>
<b>Cost of sales</b>	<b>52,042</b>
<b>Gross profit</b>	<b>23,482</b>
<b>Selling, general and administrative expenses</b>	<b>19,595</b>
<b>Operating income</b>	<b>3,887</b>
<b>Non-operating income</b>	<b>420</b>
Interest income	5
Dividends income	87
Compensation income	81
Share of profit of entities accounted for using equity method	40
Foreign exchange gains	4
Reversal of allowance for doubtful accounts	11
Other	188
<b>Non-operating expenses</b>	<b>1,743</b>
Interest expenses	1,265
Provision of allowance for doubtful accounts	4
Other	473
<b>Ordinary income</b>	<b>2,563</b>
<b>Extraordinary income</b>	<b>997</b>
Gain on territorial rights exchange of non-current assets	81
Subsidy income	20
Gain on sales of investment securities	896
<b>Extraordinary losses</b>	<b>1,657</b>
Impairment loss	152
Loss on reduction of non-current assets with territorial rights exchange	81
Loss on reduction of non-current assets	20
Loss on sales of investment securities	38
Loss on valuation of investment securities	1
Provision for contingent loss	1,360
Provision of reserve for financial products transaction liabilities	4
<b>Profit before income taxes</b>	<b>1,903</b>
Income taxes - current	1,040
Income taxes - deferred	395
<b>Profit</b>	<b>467</b>
Profit attributable to non-controlling interests	55
<b>Profit attributable to owners of the parent</b>	<b>411</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

(From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital Surplus	Retained Earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2015	3,994	7,524	14,251	(637)	25,132
Changes of items during the consolidated fiscal year					
Issuance of new shares (Exercise of subscription rights to shares)	1	1			2
Deficit disposition		(7,692)	7,692		—
Dividends of surplus			(552)		(552)
Profit attributable to owners of parent			411		411
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		168		630	798
Net changes of items other than shareholders' equity					—
Total changes of items during the consolidated fiscal year	1	(7,523)	7,551	629	658
Balance as of March 31, 2016	3,995	1	21,802	(8)	25,790

  

	Accumulated Other Comprehensive Income				
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance as of April 1, 2015	1,514	(33)	17	(186)	1,311
Changes of items during the consolidated fiscal year					
Issuance of new shares (Exercise of subscription rights to shares)					—
Deficit disposition					—
Dividends of surplus					—
Profit attributable to owners of parent					—
Purchase of treasury shares					—
Disposal of treasury shares					—
Net changes of items other than shareholders' equity	(482)	(17)	(25)	48	(477)
Total changes of items during the consolidated fiscal year	(482)	(17)	(25)	48	(477)
Balance as of March 31, 2016	1,031	(51)	(7)	(137)	834



(continued)

(Millions of yen)

	Subscription rights to shares	Non-controlling interests	Total net assets
Balance as of April 1, 2015	16	888	27,348
Changes of items during the consolidated fiscal year			
Issuance of new shares (Exercise of subscription rights to shares)			2
Deficit disposition			—
Dividends of surplus			(552)
Profit attributable to owners of parent			411
Purchase of treasury shares			(0)
Disposal of treasury shares			798
Net changes of items other than shareholders' equity	(0)	684	206
Total changes of items during the consolidated fiscal year	(0)	684	865
Balance as of March 31, 2016	16	1,572	28,213

*[Notes to consolidated financial statements, non-consolidated financial statements, notes to non-consolidated financial statements, and audit reports by independent accounting auditor and Audit & supervisory board are omitted.]*

## **REFERENCE MATERIALS FOR THE GENERAL MEETING OF THE SHAREHOLDERS**

### **Agendum No.1**      Disposal of Surplus

We consider that returning profits to our shareholders is one of our most important missions. Accordingly, in deciding dividend payments, we comprehensively take into consideration our competitiveness, business environment, financial standing and other aspects subject to our policy to make distributions corresponding to the level of business results as well as to continue stable distributions from a mid- to long-term perspective.

Taking into consideration the result for the year and the future business environment and the like, we intend to pay a year-end dividend as follows.

- (1) Type of asset to be distributed:  
Cash
- (2) Matters relating to allotment of dividends and total amount of dividends to be distributed:  
Per one share of our common stock: 10 yen  
Total amount of dividends: 276,404,150 yen
- (3) Date on which dividends become effective:  
June 24, 2016, Friday

**Agendum No.2** Partial Amendments to the Articles of Incorporation

## 1. Reasons for the Amendments:

To building sustainable cities of the future green communities and to respond to the expansion and diversification of our business, it is proposed that the provision of Article 2 (Objectives) of the Articles of Incorporation be amended.

In order to prepare for future business expansion and to strengthen the management structure and corporate governance of the Company, it is proposed that the provision of Article 19 (Number of Directors) of the Articles of Incorporation be amended.

## 2. Details of the Amendments:

The details of the proposed amendments are set out below:

(Underlined parts are to be amended.)

<b>Current Articles of Incorporation</b>	<b>Proposed Amendment</b>
<b>Article 1 (Text omitted)</b>	<b>Article 1 (Unchanged)</b>
<b>Article 2 (Objectives)</b> 1. (1) to (8) (Text omitted) (9) The business of the development, construction, supervision, operation, maintenance <u>and</u> administration of renewable energy facilities; <u>(10) to (19)</u> (Text omitted) (Newly set)	<b>Article 2 (Objectives)</b> 1. (1) to (8) (Unchanged) (9) The business of the development, construction, supervision, operation, maintenance, <u>administration, sale and purchase</u> of renewable energy facilities; <u>(10) to (19)</u> (Unchanged) <u>(20) The business of management, sale and purchase of forests;</u> <u>(21) to (22)</u> (Unchanged)
2. to 5. (Text omitted)	2. to 5. (Unchanged)
<b>Articles 3 to 18 (Text omitted)</b>	<b>Articles 3 to 18 (Unchanged)</b>
<b>Article 19 (Number of Directors)</b> The number of directors of the Company shall be <u>seven (7) or less.</u>	<b>Article 19 (Number of Directors)</b> The number of directors of the Company shall be <u>eleven (11) or less.</u>
<b>Articles 20 to 50 (Text omitted)</b>	<b>Articles 20 to 50 (Unchanged)</b>

**Agendum No.3** Election of Eight (8) Directors

The term of office of all seven (7) directors will expire at the conclusion of this Ordinary General Meeting of the Shareholders. Therefore, it is proposed that the following eight (8) directors be elected subject to the approval of Agendum No. 2 “Partial Amendments to the Articles of Incorporation.”

The candidates for directors are as follows:

Candidate's No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility and Significant Concurrent Positions	Number of the Company's Shares Held
1.	Tetsuo Yamashita (December 20, 1951)	<p>April 1978 Entered the Ministry of Finance</p> <p>December 1981 Entered Nomura Securities Co., Ltd.</p> <p>December 1998 Representative Director and CEO (currently Chairman), Japan Asia Holdings Limited (present)</p> <p>January 1999 Director, Japan Asia Securities Limited (present)</p> <p>May 2001 Representative Director, Japan Asia Holdings (Japan) Limited</p> <p>November 2001 Representative Director, Kaneman Securities Co., Ltd. (currently Japan Asia Securities Co., Ltd.)</p> <p>May 2004 Director, JA Partners Limited (present)</p> <p>October 2007 Chairman, Kokusai Kogyo Holdings Co., Ltd.</p> <p>April 2008 Director, the Company</p> <p>June 2009 Chairman and CEO, the Company</p> <p>May 2012 Director, JAG Energy Co., Ltd.</p> <p>May 2013 Chairman and CEO, the Company (present)</p> <p>March 2014 Representative Director, Green Project K.K. (present)</p>	368,930
<p>(Reasons for Selecting Mr. Tetsuo Yamashita as a Candidate)</p> <p>Since his assumption as Representative Director of the Company in June 2009, Mr. Tetsuo Yamashita has been performing his duties as a Director with his strong leadership and with his achievements such as the foundation of energy business and the establishment of a stable revenue base in pursuing the ideal state of our group that meets changing business circumstances.</p> <p>For these reasons, we determined that he is suitable for managing our businesses in order to aim for a long-term growth of the Company, and therefore we selected him again as a candidate for Director.</p> <p>(Notes on Candidate for Director)</p> <p>There are no special interests between Mr. Tetsuo Yamashita and the Company.</p>			

Candi- date's No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility and Significant Concurrent Positions	Number of the Company's Shares Held
2.	Sandra Wu, Wen-Hsiu (December 23, 1963)	<p>March 1993 Entered Nomura International (Hong Kong) Ltd.</p> <p>July 1995 Entered China Strategic Holdings Limited</p> <p>January 1999 Representative Director and Vice President, Japan Asia Holdings Limited</p> <p>August 2001 Representative Director, Japan Asia Holdings (Japan) Limited</p> <p>November 2001 Representative Director, Kaneman Securities Co., Ltd. (currently Japan Asia Securities Co., Ltd.)</p> <p>May 2004 Director, JA Partners Limited (present)</p> <p>June 2008 Director, Kokusai Kogyo Holdings Co., Ltd.</p> <p>February 2009 President and Chief Executive Officer, the Company</p> <p>May 2013 Director, the Company (present) Chairman and Representative Director, Kokusai Kogyo Co., Ltd. (present)</p> <p>(Significant Concurrent Positions) Chairman and Representative Director, Kokusai Kogyo Co., Ltd.</p>	23,320
<p>(Reasons for Selecting Ms. Sandra Wu, Wen-Hsiu as a Candidate)</p> <p>Since her assumption as a Director of the Company, Ms. Sandra Wu, Wen-Hsiu has been performing her duties as a Director - she built a foothold for overseas business expansion of the group, such as by chairing the private sector of the UN World Conference on Disaster Risk Reduction, and concurrently delivered contributions such as strengthening the earning capacity of Kokusai Kogyo Co., Ltd., which is a central core company in the group, by directing the management reform thereof.</p> <p>For these reasons, we determined that she is suitable for managing our businesses in order to aim for a long-term growth of the Company, and therefore we selected her again as a candidate for Director.</p> <p>(Notes on Candidate for Director)</p> <p>There are no special interests between Ms. Sandra Wu, Wen-Hsiu and the Company. She concurrently serves as the Chairman and Representative Director of Kokusai Kogyo Co., Ltd., with which the Company has entered into transactions involving the management of businesses.</p>			

Candi- date's No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility and Significant Concurrent Positions	Number of the Company's Shares Held
3.	Kazunobu Watanabe (October 4, 1966)	<p>April 1991 Entered the Nippon Credit Bank, Ltd. (currently Aozora Bank, Ltd.)</p> <p>January 2007 Entered Kokusai Kogyo Co., Ltd. Manager in charge of business planning, Business Promotion Division, Kokusai Kogyo Co., Ltd.</p> <p>June 2008 Manager of Planning Department, Management Division, Kokusai Kogyo Holdings Co., Ltd.</p> <p>June 2009 Director, Kokusai Kogyo Co., Ltd. Director and General Manager of Planning Division, Kokusai Kogyo Holdings Co., Ltd.</p> <p>February 2012 Director and General Manager of Corporate Planning Department, the Company</p> <p>April 2013 Director in charge of Corporate Planning Department, Corporate Communications Department and Financial Development Department, the Company</p> <p>July 2013 Director, Japan Asia Holdings (Japan) Limited</p> <p>April 2014 Director in charge of Corporate Planning Department, Corporate Communications Department, Financial Development Department, and Financial Department the Company (present)</p>	6,380
<p>(Reasons for Selecting Mr. Kazunobu Watanabe as a Candidate)</p> <p>Since his assumption as Director of the Company, Mr. Kazunobu Watanabe has been performing his duties as a Director, such as by being in charge of corporate planning, public relations and financial divisions and by developing the measures to be taken as financial and capital policies.</p> <p>For these reasons, we determined that he is suitable for managing our businesses in order to aim for a long-term growth of the Company, and therefore we selected him again as a candidate for Director.</p> <p>(Notes on Candidate for Director)</p> <p>There are no special interests between Mr. Kazunobu Watanabe and the Company.</p>			

Candi- date's No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility and Significant Concurrent Positions	Number of the Company's Shares Held
4.	Koichi Yonemura (August 30, 1961)	<p>June 1993 Entered Kokusai Kogyo Co., Ltd.</p> <p>April 2005 Manager of Accounting Department, Administration Division, Kokusai Kogyo Co., Ltd.</p> <p>October 2007 Manager of Accounting Department, Business Service Division, Kokusai Kogyo Co., Ltd.</p> <p>June 2008 Manager of Financial Affairs Department, Management Division, Kokusai Kogyo Holdings Co., Ltd.</p> <p>February 2009 Director, Management Division, Kokusai Kogyo Holdings Co., Ltd. Director, Kokusai Kogyo Co., Ltd. Director, General Manager of Administration Division and Manager of Financial Affairs Department, Kokusai Kogyo Holdings Co., Ltd.</p> <p>February 2012 Director and General Manager of Administration Division, the Company</p> <p>April 2013 Director in charge of Accounting Department, General Affairs and Human Resources Department and Financial Department, the Company</p> <p>May 2013 Director, Kokusai Kogyo Co., Ltd. (present)</p> <p>April 2014 Director in charge of Accounting Department and General Affairs and Human Resources Department (present)</p> <p>(Significant Concurrent Positions) Director, Kokusai Kogyo Co., Ltd.</p>	4,900
<p>(Reasons for Selecting Mr. Koichi Yonemura as a Candidate)</p> <p>Since his assumption as a Director of the Company, Mr. Koichi Yonemura has been in charge of human resources, accounting, and general affairs divisions, and thereat, he has been performing his duties. In addition, he has been performing his duties as a Director by assuming the Director in charge of risk management of the whole group with his extensive experience and knowledge in the operation of administrative divisions.</p> <p>For these reasons, we determined that he is suitable for managing our businesses in order to aim for a long-term growth of the Company, and therefore we selected him again as a candidate for Director.</p> <p>(Notes on Candidate for Director)</p> <p>There are no special interests between Mr. Koichi Yonemura and the Company.</p>			

Candi- date's No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility and Significant Concurrent Positions		Number of the Company's Shares Held
5.	Yoshiaki Kiyomi (April 17, 1963)	April 1986  April 2001  March 2002  March 2005  April 2008 March 2013  May 2014 June 2015 April 2016	Entered The Mitsubishi Bank, Ltd. (currently The Bank of Tokyo- Mitsubishi UFJ, Ltd.) Entered American International Group K.K. Entered The Manufacturers Life Insurance Company Entered Japan Asia Holdings (Japan) Limited Director, the Company Representative Director, Japan Asia FAS Limited (present) Entered the Company Director, the Company Director in charge of Overseas Affairs Department (present)	600
<p>(Reasons for Selecting Mr. Yoshiaki Kiyomi as a Candidate)</p> <p>Since his assumption as a Director, Mr. Yoshiaki Kiyomi has been performing his duties as a Director with his experience and achievements in business development and management gained through M&amp;A and business rehabilitation and investment projects in which he was involved after joining the Company, in addition to his expertise in investment and loan businesses attained through his experience at domestic and foreign bank and insurance companies as well as his experience in business administration at a business corporation.</p> <p>For these reasons, we determined that he is suitable for managing our businesses in order to aim for a long-term growth of the Company, and therefore we selected him again as a candidate for Director.</p> <p>(Notes on Candidate for Director)</p> <p>There are no special interests between Mr. Yoshiaki Kiyomi and the Company.</p>				



Candi- date's No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility and Significant Concurrent Positions	Number of the Company's Shares Held
6.	Yusuke Masuda (April 19, 1959)	<p>April 1982 Entered Nomura Securities Co., Ltd.</p> <p>July 2000 General manager responsible for investment banking, Japan Asia Holdings Limited</p> <p>November 2001 Director, Japan Asia Securities Co. Limited</p> <p>February 2009 Director, the Company</p> <p>March 2010 Representative Director and President, Japan Asia Holdings (Japan) Limited</p> <p>January 2012 Representative Director, Japan Asia Research Institute Limited</p> <p>April 2016 Representative Director and President, JAG Energy Co., Ltd. (present)</p> <p>(Significant Concurrent Positions) Representative Director and President, JAG Energy Co., Ltd.</p>	88,750
<p>(Reasons for Selecting Mr. Yusuke Masuda as a Candidate)</p> <p>Since the inception of our group, Mr. Yusuke Masuda has been in charge of M&amp;A, business integrations, fund raising, and product development. After the Lehman Shock, he established the basis for the current businesses of the Company, being responsible for the consolidation of financial service businesses. After serving as Representative Director of Japan Asia Research Institute Limited, he assumed the office of Representative Director of the JAG Energy Co., Ltd.</p> <p>He induced the growth of our group, not only through existing business segments, but also through the fusion of finance and technology. Thus he has the ability to perform his duty as a Director of the Company. In addition, JAG Energy Co., Ltd. is a core company in the green energy industry and occupies an important place for the future growth of our group.</p> <p>In order for the holding company and operating companies to share the same recognition, and to aim for a continuous growth of the Company, we determined that he is suitable for managing our businesses. Therefore we selected him as a candidate for Director.</p> <p>(Notes on Candidate for Director)</p> <p>There are no special interests between Mr. Yusuke Masuda and the Company.</p> <p>He concurrently serves as the Representative Director and President of JAG Energy Co., Ltd., with which the Company has entered into transactions concerning the management of businesses.</p>			

Candi- date's No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility and Significant Concurrent Positions	Number of the Company's Shares Held
7.	Koji Tanabe (February 1, 1952)	<p>April 1975      Joined the Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)</p> <p>April 2001      Visiting professor, Waseda University</p> <p>July 2001        Director-General, Chugoku Bureau of Economy, Trade and Industry of the Ministry of Economy, Trade and Industry</p> <p>July 2002        Director-General, Research and Statistics Department, Economic and Industrial Policy Bureau of the Ministry of Economy, Trade and Industry</p> <p>June 2004        Director, J Contents Ltd.</p> <p>April 2005        Professor, Graduate School of Innovation Management, Tokyo Institute of Technology (currently Innovation Science, School of Environment and Society, Tokyo Institute of Technology) (present)</p> <p>June 2008        Director, Kokusai Kogyo Holdings Co., Ltd.</p> <p>February 2012    Director, the Company (present)</p> <p>(Significant Concurrent Positions) Professor, School of Environment and Society, Tokyo Institute of Technology</p>	9,240

(Reasons for Selecting Mr. Koji Tanabe as a Candidate)

Mr. Koji Tanabe is knowledgeable in a broad range of disciplines due to his experience as a government employee and as an academic, and has provided proper advices and suggestions as an outside director for resolutions and deliberations at board meetings. In addition, as a committee member to evaluate the effectiveness of the board, he has proactively given suggestions on the state of the board to increase the transparency and fairness of the management of the Company. For these reasons, we determined that he is suitable for monitoring our operation of businesses, and therefore we selected him again as a candidate for Director.

(Notes on Candidate for Outside Director)

Mr. Koji Tanabe is a candidate for an outside director defined in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. His tenure as an outside director of the Company will be four (4) years and four (4) months at the conclusion of this Ordinary General Meeting of the Shareholders.

There are no special interests between Mr. Koji Tanabe and the Company.

(Notes on Candidate for Independent officer)

The Company has registered Mr. Koji Tanabe as an independent officer who is not subject to the risks of conflict of interest with ordinary investors as prescribed in the listing rules of the Tokyo Stock Exchange. If he is elected as proposed and assumes office, he will continue to be an independent officer.

(Outline of terms of the Limited Liability Agreement)

The Company has entered into an agreement with Mr. Koji Tanabe to limit his liability for damages as permitted in Article 427, Paragraph 1 of the Companies Act. The minimum amount of liability under this agreement is the sum of the amounts set forth in all items of Paragraph 1 of Article 425 of the Companies Act. When his re-election is approved, this agreement will remain effective.

Candi- date's No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility and Significant Concurrent Positions	Number of the Company's Shares Held
8.	Satoshi Yasugi (April 22, 1947)	<p>April 1970      Joined Nomura Securities Co., Ltd.</p> <p>August 1999    Visiting Professor, Guanghua School of Management Peking University</p> <p>April 2000      Professor, Department of Economics and Business Administration, Kagoshima Prefectural College</p> <p>April 2005      Professor, The Graduate School for the Creation of New Photonics Industries</p> <p>June 2005      Corporate Auditor, Japan Asia Holdings (Japan) Limited</p> <p>January 2006    Corporate Auditor, Japan Asia Securities Co., Ltd. Corporate Auditor, Japan Asia Financial Service Co., Ltd.</p> <p>January 2009    Corporate Auditor, the Company</p> <p>April 2011      Professor, Faculty of Economics, Japan University of Economics</p> <p>April 2012      Professor, Graduate School of Japan University of Economics (present)</p> <p>June 2015      Director, the Company (present)</p> <p>(Significant Concurrent Positions) Professor, Graduate School of Japan University of Economics</p>	0
<p>(Reasons for Selecting Mr. Satoshi Yasugi as a Candidate)</p> <p>Mr. Satoshi Yasugi has extensive experience as an employee of securities companies and as a university professor, and also has professional expertise in economics. Since his assumption as a Director of the Company, he has provided proper advices and suggestions as an outside director for resolutions and deliberations at board meetings. In addition, as a committee member to evaluate the effectiveness of the board, he has proactively given suggestions on the state of the board to increase the transparency and fairness of the management of the Company. For these reasons, we determined that he is suitable for monitoring our operation of businesses, and therefore we selected him again as a candidate for director.</p> <p>(Notes on Candidate for Outside Director)</p> <p>Mr. Satoshi Yasugi is a candidate for an outside director defined in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. His tenure as an outside director of the Company will be one (1) year at the conclusion of this Ordinary General Meeting of the Shareholders.</p> <p>There are no special interests between Mr. Satoshi Yasugi and the Company.</p> <p>(Notes on Candidate for Independent Officer)</p> <p>The Company has registered Mr. Satoshi Yasugi as an independent officer who is not subject to the risks of conflict of interest with ordinary investors as prescribed in the listing rules of the Tokyo Stock Exchange. If he is elected as proposed and assumes office, he will continue to be an independent officer.</p> <p>(Outline of Terms of the Limited Liability Agreement)</p> <p>The Company has entered into an agreement with Mr. Satoshi Yasugi to limit his liability for damages as permitted in Article 427, Paragraph 1 of the Companies Act. The minimum amount of liability under this agreement is the sum of the amounts set forth in all items of Paragraph 1 of Article 425 of the Companies Act. When his re-election is approved, this agreement will remain effective.</p>			

**Agendum No. 4** Election of Three (3) Corporate Auditors

The term of office of all three (3) corporate auditors will expire at the conclusion of this Ordinary General Meeting of the Shareholders. Therefore, it is proposed that the following three (3) corporate auditors be elected.

The candidates for corporate auditors are as follows:

This proposal has been pre-approved by the Board of Auditors.

Candi- date's No.	Name (Date of Birth)	Brief Personal History, Position and Significant Concurrent Positions	Number of the Company's Shares Held
1.	Kenji Numano (January 30, 1938)	<p>April 1960 Entered Nomura Securities Co., Ltd.</p> <p>September 1980 Vice President, Nomura International (Hong Kong) Ltd.</p> <p>April 1984 President, Singapore Nomura Merchant Banking Limited</p> <p>December 1986 Senior Corporate Managing Director, Nomura Babcock &amp; Brown Co., Ltd.</p> <p>June 1994 Executive Vice President, Nomura Babcock &amp; Brown Co., Ltd.</p> <p>September 2004 Corporate Auditor, Japan Asia Holdings (Japan) Limited</p> <p>January 2009 Corporate Auditor, Company (present)</p> <p>February 2016 Corporate Auditor, JAG Energy Co., Ltd. (present)</p> <p>(Significant Concurrent Positions) Corporate Auditor, JAG Energy Co., Ltd.</p>	3,370
<p>(Reasons for Selecting Mr. Kenji Numano as a Candidate)</p> <p>Mr. Kenji Numano has professional expertise in the area of finance, and experience in foreign corporate management. Since his assumption as a corporate auditor of the Company, he has been performing his duties as a corporate auditor with his knowledge on finance and corporate management.</p> <p>For these reasons, we determined that he is suitable for auditing the Company in order to promote global management of the Company and to increase our corporate value continuously, and therefore we selected him again as a candidate for corporate auditor. (Notes on Candidate for Outside Corporate Auditor)</p> <p>Mr. Kenji Numano is a candidate for an outside corporate auditor defined in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act. His tenure as an outside corporate auditor of the Company will be seven (7) years and five (5) months at the conclusion of this Ordinary General Meeting of the Shareholders.</p> <p>There are no special interests between Mr. Kenji Numano and the Company. (Notes on Candidate for Independent Officer)</p> <p>The Company has registered Mr. Kenji Numano as an independent officer who is not subject to the risks of conflict of interest with ordinary investors as prescribed in the listing rules of the Tokyo Stock Exchange. If he is elected as proposed and assumes office, he will continue to be an independent officer. (Outline of Terms of the Limited Liability Agreement)</p> <p>The Company has entered into an agreement with Mr. Kenji Numano to limit his liability for damages as permitted in Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability under this agreement is the sum of the amounts set forth in all items of Paragraph 1 of Article 425 of the Companies Act. When his re-election is approved, this agreement will remain effective.</p>			

Candi- date's No.	Name (Date of Birth)	Brief Personal History, Position and Significant Concurrent Positions	Number of the Company's Shares Held
2.	Tatsuo Udo (February 20, 1952)	<p>April 1974 Entered Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>April 2006 Executive Officer and Head of Compliance Office, Kokusai Kogyo Co., Ltd.</p> <p>October 2007 Corporate Auditor, Kokusai Kogyo Holdings Co., Ltd.</p> <p>February 2012 Corporate Auditor, the Company (present)</p> <p>March 2012 Corporate Auditor, JAG Energy Co., Ltd.</p> <p>June 2015 Corporate Auditor, Kokusai Kogyo Co., Ltd. (present)</p> <p>(Significant Concurrent Positions) Corporate Auditor, Kokusai Kogyo Co., Ltd.</p>	4,190
<p>(Reasons for Selecting Mr. Tatsuo Udo as a Candidate)</p> <p>Since he joined Kokusai Kogyo after serving for a financial institution, Mr. Tatsuo Udo has accumulated experience and achievements in the areas of business planning and business support. Since his assumption as a corporate auditor, he has been performing his duties as a corporate auditor with his insights on financial affairs and corporate management.</p> <p>For these reasons, we determined that he is suitable for auditing the Company in order to aim for our long-term growth, and therefore we selected him again as a candidate for corporate auditor.</p> <p>(Notes on Candidate for Outside Corporate Auditor)</p> <p>There are no special interests between Mr. Tatsuo Udo and the Company.</p> <p>(Outline of Terms of the Limited Liability Agreement)</p> <p>The Company has entered into an agreement with Mr. Tatsuo Udo to limit his liability for damages as permitted in Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability under this agreement is the sum of the amounts set forth in all items of Paragraph 1 of Article 425 of the Companies Act. When his re-election is approved, this agreement will remain effective.</p>			

Candi- date's No.	Name (Date of Birth)	Brief Personal History, Position and Significant Concurrent Positions	Number of the Company's Shares Held
3.	Kazuo Kobayashi (January 24, 1959)	<p>April 1982 Entered Ishikawajima-Harima Heavy Industries Co., Ltd. (currently IHI Corporation)</p> <p>January 1987 Entered Japan Associated Finance Co., Ltd. (currently JAFCO Co., Ltd.)</p> <p>March 1990 Seconded to Nomura/JAFCO Investment (Asia) Ltd.</p> <p>January 2001 Manager of Business Department, Entered Biofrontier Partners, Inc. (present)</p> <p>June 2001 Director, FRS Co., Ltd. (present)</p> <p>June 2003 Corporate Auditor, Japan Asia Securities Co., Ltd.</p> <p>January 2009 Corporate Auditor, the Company (present)</p> <p>June 2009 Corporate Auditor, Financial Agency, Inc. (present)</p> <p>June 2014 Corporate Auditor, Haplo Pharma Inc. (present)</p> <p>June 2015 Outside Director, Aizawa Securities Co., Ltd. (present)</p> <p>(Significant Concurrent Positions) Outside Director, Aizawa Securities Co., Ltd.</p>	3,370
<p>(Reasons for Selecting Mr. Kazuo Kobayashi as a Candidate)</p> <p>Mr. Kazuo Kobayashi has abundant experience in the execution of management duties (corporate support) at domestic and foreign venture companies and a wealth of experience as corporate auditors (outside officer) of several companies. Since his assumption as a corporate auditor of the Company, he has been performing his duties as a corporate auditor using his insights on corporate management and legal practice.</p> <p>For these reasons, we determined that he is suitable for auditing the Company in order to aim for our long-term growth, and therefore, we selected him again as a candidate for corporate auditor.</p> <p>(Notes on Candidate for Outside Corporate Auditor)</p> <p>Mr. Kazuo Kobayashi is a candidate for outside corporate auditor defined in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act. His tenure as outside corporate auditor of the Company will be seven (7) years and five (5) months at the conclusion of this Ordinary General Meeting of the Shareholders.</p> <p>There are no special interests between Mr. Kazuo Kobayashi and the Company.</p> <p>(Notes on Candidate for Independent Officer)</p> <p>The Company has registered Mr. Kazuo Kobayashi as an independent officer who is not subject to the risks of conflict of interest with ordinary investors as prescribed in the listing rules of the Tokyo Stock Exchange. If he is elected as proposed and assumes office, he will continue to be an independent officer.</p> <p>He also serves as an outside director of Aizawa Securities Co., Ltd., which is one of the major shareholders of the Company with its holding of 3,448,760 shares (shareholding ratio: 12.47%) of the Company. Aizawa Securities Co., Ltd. also conducts transactions with Japan Asia Asset Management Co., Ltd., a subsidiary of the Company, through a business consignment agreement. Since the amount of fee under such an agreement is very minor, the arrangement is not so significant as to affect Mr. Kazuo Kobayashi's independence.</p> <p>(Outline of Terms of the Limited Liability Agreement)</p> <p>The Company has entered into an agreement with Mr. Kazuo Kobayashi to limit his liability for damages as permitted in Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability under this agreement is the sum of the amounts set forth in all items of Paragraph 1 of Article 425 of the Companies Act. When his re-election is approved, this agreement will remain effective.</p>			

**Agendum No. 5** Election of One (1) Substitute Corporate Auditor

In case the number of corporate auditors falls short of the requirement set forth in laws and regulations, it is proposed that one (1) substitute corporate auditor be elected in advance.

This proposal has been pre-approved by the Board of Auditors. The candidate for the substitute corporate auditor is as follows:

Name (Date of Birth)	Brief Personal History and Significant Concurrent Positions	Number of the Company's Shares Held
Ryuji Uwatoko (December 3, 1967)	April 1994 Registered as an attorney, Asahi Law Offices April 2000 Appointed to Partner of Asahi Law Offices (present)	0
<p>(Reasons for Selecting Mr. Ryuji Uwatoko as a Candidate)</p> <p>Mr. Ryuji Uwatoko is deemed to be suitable as substitute corporate auditor due to his high level of expertise in legal practice as legal counsel and his superior ability and insight in performing audits based on his business experience.</p> <p>(Notes on Candidate for Substitute Corporate Auditor)</p> <p>There are no special interests between Mr. Ryuji Uwatoko and the Company.</p> <p>Mr. Ryuji Uwatoko meets the criteria for outside auditor set forth in Article 2, Paragraph 16 of the Companies Act.</p> <p>(Notes on Candidate for Independent Officer)</p> <p>If Mr. Ryuji Uwatoko assumes the office of Corporate Auditor, the Company will register him as an independent officer who is not subject to the risks of conflict of interest with ordinary investors as prescribed in the listing rules of the Tokyo Stock Exchange.</p> <p>(Outline of Terms of the Limited Liability Agreement)</p> <p>The Company has established a provision on the limitation of liability of outside auditors in its Articles of Incorporation. If Mr. Ryuji Uwatoko assumes the office of corporate auditor, the Company will enter into an agreement with him to limit his liability for damages as permitted in Article 427, Paragraph 1 of the Companies Act.</p>		



**Agendum No. 6** Change to Directors' Remuneration

It has been resolved at the 21<sup>st</sup> Ordinary General Meeting of the Shareholders, held on January 27, 2009, that the maximum amount of remuneration for Directors is the aggregate of (i) the fixed amount of 300 million yen or less per year, and (ii) the floating amount equivalent to five (5) percent or less of the net profit that belongs to the shareholders of the parent company for the previous fiscal year.

Subject to the approval of Agendum No. 2 "Partial Amendments to the Articles of Incorporation," the number of directors will be increased from seven (7) or less to eleven (11) or less. In order to prepare for the increase of directors to strengthen the management structure and corporate governance of the Company, and since the amount of remuneration for Outside Directors has not been stipulated, it is proposed that the remuneration for Directors be stipulated as the aggregate of (i) the fixed amount of 400 million yen or less per year, and (ii) the floating amount equivalent to five (5) percent or less of the net profit that belongs to the shareholders of the parent company for the previous fiscal year.

The number of Directors is currently seven (7) (including two (2) Outside Directors). If the Agendum No. 3 "Election of Eight (8) Directors" is approved as proposed, such number will be increased to eight (8) (including two (2) Outside Directors).

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