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Notice of Annual Shareholders Meeting

(Securities Code 6459)
March 9, 2018

To Shareholders:

Atsushi Ozaki
President and Representative Director
DAIWA INDUSTRIES LTD.
3-13, Obasecho, Tennoji-ku, Osaka

NOTICE OF THE 57TH ANNUAL SHAREHOLDERS MEETING

Dear Shareholders:

You are cordially invited to attend the 57th Annual Shareholders Meeting of DAIWA INDUSTRIES LTD. (the "Company").

If you are unable to attend the meeting, you can exercise your voting rights in writing. Please review the attached Reference Documents for the Shareholders Meeting and indicate your approval or disapproval of the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by 5:45 p.m., Wednesday, March 28, 2018, Japan time.

- 1. Date and Time:** Thursday, March 29, 2018 at 10:00 a.m. Japan time (reception will be open at 9:00 a.m.)
- 2. Place:** Main Hall on the 7th floor of Mengyo Kaikan Shinkan located at 5-8, Bingomachi 2-chome, Chuo-ku, Osaka, Japan
- 3. Meeting Agenda:**
 - Matters to be reported:** The Business Report and Financial Statements for the Company's 57th Fiscal Year (January 1, 2017 - December 31, 2017)
 - Proposals to be resolved:**

Proposal	Election of Nine (9) Directors
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- ◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- ◎ Should the Reference Documents for the Shareholders Meeting, the Business Report and Financial Statements require any revisions, the revised versions will be posted on the Company's website (<http://www.drk.co.jp>).

Reference Documents for the Shareholders Meeting

Proposal and Matters for Reference

Proposal: Election of Nine (9) Directors

The terms of office of all Directors (nine (9) Directors) of the Company will expire at the conclusion of this Annual Shareholders Meeting. Accordingly, the Company proposes the election of nine (9) Directors.

The candidates are as follows:

No. 1 Shigeru Ozaki (Date of birth: January 31, 1929) Reelection

[Past experience, positions and responsibilities]

February 1958	Founded Daiwa Industries
November 1962	Established Daiwa Industries Ltd. and assumed the position of President and Representative Director
March 2002	Chairman and Representative Director of the Company
March 2016	Top Advisor and Director of the Company (currently serving)

Attendance at Board of Directors meetings in the current fiscal year
5 out of 7 meetings

Number of shares of the Company held
3,912

Reasons for the nomination as a candidate for Director

The Company renominated Mr. Shigeru Ozaki as a candidate for Director. The Company finds that he is very well qualified for Director of the Company because of his achievements as Representative Director in the development of the Company ever since the establishment of the Company, his deep knowledge about the Company's overall business, and abundant insights and experience as a business manager.

No. 2 Atsushi Ozaki (Date of birth: March 12, 1970) Reelection

[Past experience, positions and responsibilities]

March 1994	Joined the Company
July 2000	Head of President's Office of the Company
March 2001	Director of the Company
August 2001	Vice President and Director of the Company
March 2002	President and Representative Director of the Company (currently serving)
March 2008	President and Executive Officer of the Company (currently serving)

Attendance at Board of Directors meetings in the current fiscal year
7 out of 7 meetings

Number of shares of the Company held
3,763,000

Reasons for the nomination as a candidate for Director

The Company renominated Mr. Atsushi Ozaki as a candidate for Director. The Company finds that he is very well qualified for Director of the Company, as he has been engaged in overall operations of the Company and appropriately performed his duties since he joined the Company, and since he assumed the office of Director in March 2001 and Representative Director in March 2002, he has accumulated deep knowledge about the Company's overall business and gained abundant insights and experience as a business manager.

No. 3 Toshihiro Sugita

(Date of birth: June 17, 1954)

Reelection

[Past experience, positions and responsibilities]

September 1981	Joined the Company
March 2005	Director of the Company
March 2007	Managing Director of the Company
November 2007	In charge of Direct Sales (currently serving)
March 2008	Managing Executive Officer of the Company
March 2014	Senior Managing Director of the Company (currently serving) Senior Managing Executive Officer of the Company (currently serving)
December 2014	In charge of Sales (currently serving)
April 2016	In charge of Corporate Business

Attendance at Board of Directors meetings in the current fiscal year
7 out of 7 meetings

Number of shares of the Company held
10,797

Reasons for the nomination as a candidate for Director

The Company renominated Mr. Toshihiro Sugita as a candidate for Director. The Company finds that he is very well qualified for Director of the Company, as he has appropriately performed his duties and gained a wealth of knowledge and experience in the sales division, and deepened his understanding about the Company's overall business, since he joined the Company. In addition, since he assumed the office of Director in March 2005, he has been accumulating achievements in sales operations of the Company.

No. 4 Kaoru Maekawa

(Date of birth: June 27, 1951)

Reelection

[Past experience, positions and responsibilities]

April 1974	Joined Matsushita Electric Industrial Co., Ltd. (currently, Panasonic Corporation)
October 2002	General Manager of Cooking System Business Division of the said company
October 2006	Vice President of Home Appliances Company of the said company
August 2011	Technical Advisor of Cooking Business Division of the said company
April 2012	Technical Advisor of Panasonic Manufacturing Malaysia Bhd.
August 2014	Joined the Company, Advisor in charge of Development and Manufacturing
February 2015	Executive Officer in charge of Plants of the Company (currently serving)
March 2015	Director of the Company (currently serving)

Attendance at Board of Directors meetings in the current fiscal year
7 out of 7 meetings

Number of shares of the Company held
1,688

Reasons for the nomination as a candidate for Director

The Company renominated Mr. Kaoru Maekawa as a candidate for Director. The Company finds that he is very well qualified for Director of the Company, as he owns a wealth of knowledge and experience cultivated over his career at an electrical manufacturing company, and has developed his understanding about the Company's overall business, mainly through operations of the manufacturing division, since he joined the Company. In addition, since he assumed the office of Director in March 2015, he has been accumulating achievements in the Company's management, acting as a responsible person of the manufacturing division, being in charge of plants.

No. 5 Hiroyasu Nishikubo (Date of birth: October 20, 1940) **Reelection,
Outside Director &
Independent Director**

[Past experience, positions and responsibilities]

December 1985	Director of Fuyo Shokai Co., Ltd. (currently, Fuyo Co., Ltd.)
September 1986	Director of F.M.S. Co., Ltd. (currently, Fuyo Maintenance System Co., Ltd.)
May 1993	Managing Director of the said company
May 2003	Senior Managing Director of the said company
May 2004	Director of the said company
March 2008	Company Auditor of the Company
March 2013	Outside Director of the Company (currently serving)

Attendance at Board of Directors meetings in the current fiscal year
7 out of 7 meetings

Number of shares of the Company held
2,300

Reasons for the nomination as a candidate for Director

The Company nominated Mr. Hiroyasu Nishikubo as a candidate for Outside Director. The Company finds that he is very well qualified for Outside Director to be responsible for the supervision of the Company's management, as he owns business experience and knowledge regarding business management decisions, etc. accumulated through his career, as well as insights concerning the Company's overall business based on his experience as Company Auditor of the Company. The term of office of Mr. Nishikubo as Outside Director of the Company will be five years at the conclusion of this Annual Shareholders Meeting.

No. 6 Yoshiaki Ono (Date of birth: September 1, 1942) **Reelection,
Outside Director &
Independent Director**

[Past experience, positions and responsibilities]

June 1985	Manager of Koshien Branch of Taiyo Kobe Bank, Ltd. (currently, Sumitomo Mitsui Banking Corporation)
June 1987	Assistant Manager of Personnel Planning Division of the said bank
April 1988	Assistant Manager of Tokyo Personnel Division of the said bank
June 1989	Manager of Osaka Eki-mae Branch of the said bank
April 1991	Manager of Business Administration Division 1 of Mitsui Taiyo Kobe Bank, Ltd.
June 1992	Manager of Semba Branch of The Sakura Bank, Limited (currently, Sumitomo Mitsui Banking Corporation)
July 1994	Managing Director of Kobe Bankers Association
July 2007	Resigned from the position of Managing Director of the said association
March 2013	Outside Company Auditor of the Company
April 2016	Outside Director of the Company (currently serving)

Attendance at Board of Directors meetings in the current fiscal year
7 out of 7 meetings

Number of shares of the Company held
671

Reasons for the nomination as a candidate for Director

The Company nominated Mr. Yoshiaki Ono as a candidate for Outside Director. The Company finds that he is very well qualified for Outside Director to be responsible for the supervision of the Company's management, as he owns long-term experience in the banking industry and a wealth of knowledge regarding finance, etc. that he has accumulated over his career, as well as insights concerning the Company's overall business based on his experience as Outside Company Auditor of the Company. The term of office of Mr. Ono as Outside Director of the Company will be two years at the conclusion of this Annual Shareholders Meeting.

No. 7 Masahiro Ozaki

(Date of birth: January 23, 1973)

Reelection

[Past experience, positions and responsibilities]

March 1999	Joined the Company
August 2001	Head of President's Office of the Company
March 2002	Director of the Company
February 2007	General Manager of Direct Sales Strategy Supervisory Division of the Company
March 2008	Resigned from the position of Director of the Company Executive Officer of the Company (currently serving)
May 2008	Head of President's Office of the Company (currently serving)
March 2013	Director of the Company (currently serving)
June 2016	In charge of Administration (currently serving)

Attendance at Board of Directors meetings in the current fiscal year
7 out of 7 meetings

Number of shares of the Company held
2,300,000

Reasons for the nomination as a candidate for Director

The Company renominated Mr. Masahiro Ozaki as a candidate for Director. The Company finds that he is very well qualified for Director of the Company, as he has appropriately performed his duties, gained abundant insights and experience and also deepened his knowledge about the Company's overall business through his career in the administrative and technology divisions, since he joined the Company. In addition, since he assumed the office of Director in March 2002, he has been accumulating achievements in the Company's administrative division.

No. 8 Kazushige Hirade

(Date of birth: October 25, 1951)

Reelection

[Past experience, positions and responsibilities]

April 1974	Joined Matsushita Electric Industrial Co., Ltd. (currently, Panasonic Corporation)
October 1997	President and Representative Director of Niigata Matsushita System Co., Ltd.
October 2000	President and Representative Director of Chugoku Matsushita System Co., Ltd.
October 2009	Joined the Company, General Manager of Corporate Clients Sales Planning
March 2010	Executive Officer of the Company (currently serving)
March 2011	General Manager of West Japan Corporate Clients Sales Division
June 2015	General Manager of Regional Corporate Clients Sales Division (currently serving)
March 2017	Director of the Company (currently serving)
April 2017	In charge of Corporate Clients Business (currently serving)

Attendance at Board of Directors meetings in the current fiscal year
6 out of 6 meetings

Number of shares of the Company held
1,106

Reasons for the nomination as a candidate for Director

The Company renominated Mr. Kazushige Hirade as a candidate for Director. The Company finds that he is very well qualified for Director of the Company, as he owns a wealth of knowledge and experience cultivated over his career at an electrical appliances manufacturer, has developed his understanding about the Company's overall business, mainly concerning the planning and sales of corporate clients business, and also has been accumulating achievements in overall corporate clients business, after joining the Company

[Past experience, positions and responsibilities]

October 1976	Joined the Company
November 1984	Director of the Company
March 1996	Managing Director of the Company
March 2006	Resigned from the position of Managing Director of the Company
	Full-time Company Auditor of the Company
November 2006	Resigned from the position of Company Auditor of the Company
March 2007	Director of the Company
November 2007	In charge of Corporate Clients Business
March 2008	Managing Director of the Company
	Managing Executive Officer of the Company
June 2009	Director of the Company (to the present)
	Executive Officer of the Company (to the present)
December 2016	General Manager of Tokyo Corporate Clients Sales Division of the Company (to the present)

Attendance at Board of Directors meetings in the current fiscal year
6 out of 7 meetings

Number of shares of the Company held
2,438

Reasons for the nomination as a candidate for Director

The Company renominated Mr. Tetsuro Kudo as a candidate for Director. The Company finds that he is very well qualified for Director of the Company, as he has appropriately performed his duties and gained a wealth of knowledge and experience in the sales division, attained experience as Company Auditor of the Company, and deepened his understanding about the Company's overall business, since he joined the Company. In addition, since he assumed the office of Director, he has been accumulating achievements in sales operations of the Company.

- (Notes)
1. There are no special interests between each candidate and the Company.
 2. The candidate Mr. Kazushige Hirade was newly elected and assumed the position of Director at the 56th Annual Shareholders Meeting held on March 29, 2017. Therefore, the status of his attendance at Board of Directors meetings in the 57th fiscal year is based on the number of Board of Directors meetings that were held after his assumption of office.
 3. Messrs. Hiroyasu Nishikubo and Yoshiaki Ono are candidates for Outside Directors. Both candidates have been notified to the Tokyo Stock Exchange as Independent Directors/Auditors who possess no potential conflict of interests with general shareholders, as stipulated by the Tokyo Stock Exchange.

Selection and nomination of Directors

In nominating candidates for Directors, the Company determines the candidates through deliberation at Board of Directors meetings, considering professional knowledge, abilities, experience, insights, personalities and other factors necessary to carry out Director's responsibilities.

Independence criteria for Outside Directors

The Company has adopted the requirements for outside directors and company auditors stipulated in the Companies Act and the criteria of independent directors and company auditors set by the Tokyo Stock Exchange as the Company's independence criteria. In addition, the Company's Board of Directors takes into consideration the achievements, experience, knowledge and other factors of potential candidates, and selects persons who can be expected to contribute to honest, active and constructive discussion as candidates for Independent Outside Directors.

End