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(Stock Exchange Code 4617)  
June 1, 2017

**To Shareholders with Voting Rights:**

Masataka Uetake  
President and CEO  
Chugoku Marine Paints, Ltd.  
1-7, Meiji-Shinkai, Otake-Shi, Hiroshima

## NOTICE OF THE 120TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 120th Annual General Meeting of Shareholders of Chugoku Marine Paints, Ltd. (the "Company"). The meeting will be held for the purposes as described below.

**If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders, follow the instructions on (2) or (3) of "4. Instructions on Exercising Voting Rights" on the next page, and exercise your voting rights by 5:00 p.m. on Wednesday, June 21, 2017, Japan time.**

- 1. Date and Time:** Thursday, June 22, 2017 at 10:00 a.m. Japan time
- 2. Place:** 3F main conference room of the Company's Hiroshima Office located at 1-7, Meiji-Shinkai, Otake-Shi, Hiroshima, Japan
- 3. Meeting Agenda:**
  - Matters to be reported:**
    1. The Business Report, Consolidated Financial Statements for the Company's 120th Fiscal Year (April 1, 2016 - March 31, 2017) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
    2. Non-consolidated Financial Statements for the Company's 120th Fiscal Year (April 1, 2016 - March 31, 2017)
  - Proposals to be resolved:**
    - Proposal 1:** Appropriation of Surplus
    - Proposal 2:** Partial Amendments to the Articles of Incorporation
    - Proposal 3:** Election of 6 Directors
    - Proposal 4:** Election of 1 Substitute Corporate Auditor

#### 4. Instructions on Exercising Voting Rights

(1) Exercise of Voting Rights via Proxy

You may designate one (1) other shareholder with the Company's voting rights to act as your proxy and exercise the voting rights. Please be advised that the proxy must submit a documentation proving power of attorney (a letter of attorney, etc.) at the reception.

(2) Exercise of Voting Rights in Writing (Voting Rights Exercise Form)

- 1) Please indicate your vote for or against the proposal on the enclosed Voting Rights Exercise Form and return it so that it is received by the aforementioned exercise deadline.
- 2) In the event that there is no indication of being for or against each proposal in the Voting Rights Exercise Form, it will be handled as an indication of support.
- 3) In the event that voting rights are exercised both via the Voting Rights Exercise Form and the Internet, the vote via the Internet, will be deemed valid.

A "Registration Protection Sticker" will be enclosed in order to protect the shareholders' personal information. Please use it when returning the paper for the Voting Rights Exercise Form.

(3) Exercise of Voting Rights via Electromagnetic Means (the Internet)

- 1) You may exercise your voting right via the Internet only by accessing the Company's designated voting website (<http://www.evotep.jp>) using computers or smartphones (mobile phones are not permitted) (Please note that this service is unavailable every day between 2:00 a.m. and 5:00 a.m.).
- 2) Depending on their Internet user environments, shareholders may not be able to exercise their voting rights via this dedicated voting site due to Internet firewalls, antivirus software, inability to set TLS-encrypted transfers, proxy servers, etc.
- 3) Please enter the "login ID" and "temporary password" indicated on the Voting Rights Exercise Form and then enter your vote by following the on-screen instructions. To prevent persons other than shareholders from illegally accessing the website and altering the content of your voting selections, we will ask shareholders who use the website to change their "temporary passwords" on the website.
- 4) In the event that voting rights are exercised both via the Internet and the Voting Rights Exercise Form, the vote via the Internet will be deemed valid.
- 5) In the event that voting rights are exercised multiple times via the Internet, the most recent vote will be deemed valid.
- 6) Expenses related to connecting to the voting website (the Internet connection fee, etc.) will be borne by the shareholder.
- 7) Votes will be accepted via the Internet by the aforementioned exercise deadline; however, you are cordially requested to exercise your voting rights earlier, and call the Help Desk (as mentioned below) with any inquiries or questions.

For inquiries concerning systems, etc.  
Stock Transfer Agency Division, Mitsubishi UFJ Trust and Banking Corporation (Help Desk)  
Telephone: 0120-173-027 (Business hours: 9:00 a.m.- 9:00 p.m., toll free)

(4) Non-uniform Exercise of Voting Rights

Please notify the Company's shareholder registry administrator in writing to this effect, together with the reason therefor by three days prior to the General Meeting of Shareholders.

[Information for Institutional Investors]

Institutional shareholders may use the "Electronic Voting Platform for Foreign and Institutional Investors" operated by ICJ, Inc. as a method for exercising voting rights at the General Meeting of Shareholders of the Company.

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.

End

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- ◎ Of the documents to be included with this Notice of Convocation of the Annual General Meeting of Shareholders, the “Notes to the Consolidated Financial Statements” of the Consolidated Financial Statements and the “Notes to the Non-consolidated Financial Statements” of the Non-consolidated Financial Statements are posted on the Company’s website (<http://www.cmp.co.jp/>) in accordance with laws and regulations and the Company’s Articles of Incorporation, and are not included in the attached documents to this Notice of Convocation of the Annual General Meeting of Shareholders.
  - ◎ The above “Notes to the Consolidated Financial Statements” of the Consolidated Financial Statements and the “Notes to the Non-consolidated Financial Statements” of the Non-consolidated Financial Statements are also subject to audits by the Accounting Auditor and Corporate Auditors, alongside the attached documents to this Notice of Convocation.
  - ◎ Should the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements require revisions, the revised versions will be posted on the Company’s website.
  - ◎ The contents of the resolutions in this General Meeting of Shareholders will be posted on the Company’s website listed above, after the conclusion of this General Meeting of Shareholders, in substitution of being dispatched in writing.

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Appropriation of Surplus

It is proposed that surplus to be appropriated as follows.

#### Matters related to year-end dividends

The Company holds as a basic policy to conduct long-term, stable distribution of results, comprehensively taking into account factors such as business performance.

With regard to the year-end dividends for the 120th fiscal year, comprehensively taking into account the business performance for the year under review, future business development, and the standpoint of maintaining stable dividend payments, the Company proposes an ordinary dividend of ¥8 yen per share, with the addition of a commemorative dividend of ¥2 per share to mark the 100th anniversary in May 2017 of the Company's founding, equaling ¥10 per share as follows.

1	Type of dividend assets	Cash
2	Items relating to the allocation of dividend assets to shareholders and its total amount	¥10 per share of common stock (of which, an ordinary dividend of ¥8 and a commemorative dividend of ¥2) Total: ¥655,037,720 (As a result, ¥18 per annum adding paid interim dividend)
3	Effective date of payment of dividend from surplus	June 23, 2017

**Proposal 2:** Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

To clarify the management responsibilities of Directors and create a management structure that can respond to changes in the management environment, the Company proposes reducing the term of office for Directors from two years to one year, and amending Article 22 (Term of office of Directors), Paragraph 1 of the current Articles of Incorporation. Additionally, in line with the above, the Company proposes removing provisions for term adjustment.

2. Content of the amendments

The content of the amendments is as follows.

(Underlines indicate amended portions)

Current Articles of Incorporation	Proposed Amendments
<p>(Term of office of Directors) Article 22 The term of office of Directors shall expire upon conclusion of the Annual General Meeting of Shareholders held with respect to the last business year ending within <u>two (2) years</u> from election to office.</p> <p><u>2</u> <u>The term of office of Directors elected to fill vacancies or to increase the number of Directors shall be the same as the remaining term of office of incumbent Directors.</u></p>	<p>(Term of office of Directors) Article 22 The term of office of Directors shall expire upon conclusion of the Annual General Meeting of Shareholders held with respect to the last business year ending within <u>one (1) year</u> from election to office.</p> <p>(Deleted)</p>

**Proposal 3:** Election of 6 Directors

The terms of office of all 6 Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of 6 Directors is proposed.

The candidates for Directors are as follows. Additionally, matters concerning each candidate for Director are as stated on page 7 to page 9.

No.	Name		Notes
1	Masataka Uetake	Reappointment	
2	Junji Tomochika	Reappointment	
3	Yasuyuki Kiseki	Reappointment	
4	Hideyuki Tanaka	New appointment	
5	Koji Ueda	Reappointment	Candidate for Outside Director Candidate for Independent Director
6	Motoyoshi Nishikawa	Reappointment	Candidate for Outside Director Candidate for Independent Director

- (Notes)
1. There are no special interests between each candidate and the Company.
  2. Mr. Koji Ueda and Mr. Motoyoshi Nishikawa are candidates for Outside Director prescribed in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
  3. The term of office of Mr. Koji Ueda as Outside Director of the Company will be two years at the conclusion of this Annual General Meeting of Shareholders, and the term of office of Mr. Motoyoshi Nishikawa as Outside Director of the Company will be one year at the conclusion of this Annual General Meeting of Shareholders.
  4. Pursuant to the Articles of Incorporation, the Company has concluded liability limitation agreements with Mr. Koji Ueda and Mr. Motoyoshi Nishikawa, and an overview of the contents of said agreement are provided in “3-(2) Overview of content of liability limitation agreements” on page 19 of this Notice of Convocation of the Annual General Meeting of Shareholders (Japanese version only). If the reelection of both persons is approved, the Company plans to continue with said liability limitation agreements.
  5. Mr. Koji Ueda and Mr. Motoyoshi Nishikawa are candidates for Independent Director required under the rules of Tokyo Stock Exchange.









**Proposal 4:** Election of 1 Substitute Corporate Auditor

The effectiveness of the current Substitute Corporate Auditor's appointment will expire at the opening of this Annual General Meeting of Shareholders. In order to prepare for the contingency of the number of Corporate Auditors falling below the current number, the election of 1 Substitute Corporate Auditor is proposed.

The candidate for Substitute Corporate Auditor is as follows.

The Board of Corporate Auditors has previously given its approval to this proposal.

**Yorito Kubota**

**Reappointment**

Date of birth: February 14, 1953

Number of shares of the Company held: —

Significant concurrent positions: Partner, Hiroshima Branch Office, HONGO TSUJI TAX & CONSULTING

Past experience and positions at the Company

April 1971	Joined Hiroshima Regional Taxation Bureau	July 2013	Resigned from Hiroshima-higashi Taxation Office
July 2006	Director of Iwakuni Taxation Office	August 2013	Opened the business as Tax Accountant (present)
July 2009	Chief Internal Inspector, Hiroshima Detached Internal Inspector Office, Director-General's Secretariat, National Tax Agency	October 2013	Partner, Hiroshima Branch Office, HONGO TSUJI TAX & CONSULTING (present)
July 2012	Director of Hiroshima-higashi Taxation Office	June 2016	Substitute Corporate Auditor, the Company (present)

- (Notes)
1. There are no special interests between the candidate and the Company.
  2. Mr. Yorito Kubota is a candidate for Substitute Corporate Auditor who is an Outside Corporate Auditor prescribed in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act, and meets the requirements for Independent Auditor stipulated by the Tokyo Stock Exchange. He does not have any previous experience of participation in corporate management, but he possesses a wide range of knowledge and business experience in finance and accounting. Therefore, the Company believes that he is capable of auditing the execution of Directors' duties from an objective and fair standpoint, and thus nominates him as a candidate.
  3. If Mr. Yorito Kubota assumes the office of Corporate Auditor, the Company is scheduled to enter into an agreement with him that limits the liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same act.

End