

To All Shareholders

1-3-5, Oji-cho, Fukuyama, Hiroshima

Aoyama Trading Co., Ltd.

President and Representative Director AOYAMA Osamu

Notice of the Convocation of the 56th Ordinary General Meeting of Shareholders

Description

1. **Date** June 26 (Friday), 2020, at 10:00 a.m.
2. **Place** Meeting Room, 4th floor, Headquarters
Aoyama Trading Co., Ltd., 1-3-5, Oji-cho, Fukuyama, Hiroshima
3. **Objects**
 1. Report on the business report for the 56th term (from April 1, 2019 to March 31, 2020), the contents of the consolidated financial statements, and the results of audit of the consolidated financial statements by the account auditors and the Board of Corporate Auditors
 2. Report on the contents of the financial statements for the 56th fiscal year (from April 1, 2019 to March 31, 2020)

Matters to be resolved

- | | |
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| Proposal No. 1 | Appropriation of Retained Earnings |
| Proposal No. 2 | Partial Amendment to the Articles of Incorporation |
| Proposal No. 3 | Election of Two (2) Corporate Auditors |

- ⊙ If you do not attend the meeting, you can exercise your voting rights in writing or via the Internet. Please review the Reference Documents for General Meeting of Shareholders provided in a later section, and exercise your voting rights by no later than Thursday, June 25, 2020, 6:30 p.m., in accordance with the guidance presented in a later section.
- ⊙ Please note that if it becomes necessary to amend any matters related to the contents stated in the reference documents for the Ordinary General Meeting of Shareholders, Business Report, Consolidated Financial Statements, or Financial Statements, it will be presented on the Company's website at: <https://www.aoyama-syouji.co.jp>

4. Guidance on exercise of voting rights

(1) If attending the General Meeting of Shareholders

Please present the Voting Rights Exercise Form at the reception.

Date and time of the Meeting: Friday, June 26, 2020, at 10:00 a.m.

(2) If you are unable to attend the General Meeting of Shareholders

Exercising voting rights in writing

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it to the Company.

Deadline: To arrive by no later than 6:30 p.m. on Thursday, June 25, 2020

Exercising voting rights via the Internet

Please access the voting rights exercise website designated by the Company, and enter your votes for or against the proposals.

If exercising voting rights by smartphone, please use "Smart Koushi."

Deadline: No later than 6:30 p.m. on Thursday, June 25, 2020

5. Using the voting rights exercise platform (for institutional investors)

For this planned General Meeting of Shareholders, institutional investors may exercise their voting rights via the Internet using the Electronic Voting Platform operated by ICJ Incorporated.

- ⊙ If you exercise your voting rights both in writing and via the Internet, the voting right exercised via the Internet shall be deemed as a valid exercise of your voting rights. In addition, if you exercise your voting rights several times via the Internet, or if you exercise your voting rights more than once using the computer, smartphone and mobile phone, the most recent vote shall be deemed as the valid exercise of your voting rights.

End.

Reference Document for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Retained Earnings

We recognize that returning profits to shareholders is one of the most important management issues. For the period of our medium-term management plan “CHALLENGE II 2020” (fiscal year ended March 31, 2019 to fiscal year ending March 31, 2021), we established our dividend policy with a targeted consolidated dividend payout ratio of 70% and stable dividend of 100 yen per share (50 yen for an interim dividend and 50 yen for the year-end dividend). However, in the fiscal year ending March 31, 2021, following the issuance of a state-of-emergency declaration due to the spread of novel coronavirus disease, the Group’s business performance is affected seriously, resulting in a situation where it is difficult to forecast when the disease will be eradicated. Under these harsh circumstances, we place the top priority on ensuring the liquidity in hand, and have decided that it is best to prepare for stabilization of management and employment. Therefore, we regretfully proposes to pay no year-end dividend.

In addition, with the expectation for the sound development of the management, in order to strengthen the financial structure in consideration of the management environment in the future, we propose to reverse general reserve as follows, and transfer it to retained earnings brought forward, pursuant to the provision of Article 452 of the Companies Act.

Matters regarding appropriation of retained earnings

- (1) Retained earnings item to be decreased and amount thereof
General reserve 25,000,000,000 yen
- (2) Retained earnings item to be increased and amount thereof
Retained earnings brought forward 25,000,000,000 yen

Proposal No. 2: Partial Amendment to the Articles of Incorporation

1. Reason for the proposal
To prepare for future business developments, the Company proposes to add some businesses to the purpose of the Company stated in Article 2 of its current Articles of Incorporation.
2. Content of the amendment
The content of the amendment is as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
(Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses. (1) - (13) (Omitted) (Newly established) (Newly established) (14) (Omitted)	(Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses. (1) - (13) (Unchanged) (14) <u>Purchase and sale of real estate, store facilities, furniture and fixtures, housing facilities and equipment, and the right of use thereof; leasing, management and intermediation thereof</u> (15) <u>Cleaning business of clothing and leather goods; intermediation thereof</u> (16) (Unchanged)

Proposal No. 3: Election of Two (2) Corporate Auditors

The terms of office of Corporate Auditors Mr. OGI Hiroshi and Mr. TAKEGAWA Kiyoshi will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company requests the election of two (2) Corporate Auditors.

The resolution of this agenda item has obtained the consent of the Board of Corporate Auditors.

The candidates for Corporate Auditors are as follows.

The candidates for Corporate Auditors have been selected in consultation with the Nomination Advisory Committee.

Number	Name (Date of birth)	Brief profile and position at the Company (Significant concurrent positions)	Number of the Company's shares owned
1	OGI Hiroshi (October 27, 1943) Reelected Outside Corporate Auditor Independent Officer	<p>July 1998 District Director, Kaita Tax Office</p> <p>July 1999 Director, Management Div. (Criminal Investigation), Large Enterprise Examination of Criminal Investigation Dept., at Hiroshima Regional Taxation Bureau</p> <p>July 2000 Deputy Assistant Regional Commissioner, Large Enterprise Examination, Hiroshima Regional Taxation Bureau</p> <p>July 2001 Assistant Regional Commissioner, Large Enterprise Examination and Criminal Investigation Dept., Hiroshima Regional Taxation Bureau</p> <p>July 2002 Retired from Assistant Regional Commissioner, Large Enterprise Examination and Criminal Investigation Dept., Hiroshima Regional Taxation Bureau</p> <p>August 2002 Registered as Certified Tax Accountant and opened his own tax accountancy</p> <p>July 2004 Corporate Auditor, Aoyama Trading Co., Ltd. (current position)</p> <p>Significant concurrent positions Outside Auditor, Aki Kanko Golf Co., Ltd.</p> <p>Special interest in the Company None</p> <p>Reasons for nomination as a candidate for Outside Corporate Auditor The Company believes that Mr. OGI Hiroshi is appropriate for the position and will be able to audit the appropriateness of operations and compliance with laws because he has considerable financial and accounting knowledge as a Tax Accountant and from experience as District Director of a Tax Office. Mr. OGI has no corporate management experience other than as an Outside Director or an Outside Corporate Auditor; however, the Company believes that he will be able to perform the duties of Outside Auditor appropriately for the above reasons. The term of office of Mr. OGI as Outside Corporate Auditor, will have been 16 years at the conclusion of this General Meeting of Shareholders.</p>	8,000 Shares

Number	Name (Date of birth)	Brief profile and position at the Company (Significant concurrent positions)	Number of the Company's shares owned
2	TAKEGAWA Kiyoshi (Apr. 11, 1952) Reelected Outside Corporate Auditor Independent Officer	<p>September 1980 Registered as Certified Public Accountant</p> <p>February 1981 Registered as Certified Tax Accountant</p> <p>December 1996 Representative Partner, Century Audit Corp. (presently Ernst & Young ShinNihon LLC)</p> <p>June 2008 Resigned</p> <p>July 2008 Corporate Auditor, Aoyama Trading Co., Ltd. (current position)</p> <p>Significant concurrent positions None</p> <p>Special interest in the Company None</p> <p>Reasons for nomination as a candidate for Outside Corporate Auditor The Company believes that Mr. TAKEGAWA Kiyoshi is appropriate for the position and will be able to audit the appropriateness of operations and compliance with laws because he has broad knowledge in accounting and finance as a Certified Public Accountant and from experience working as a representative partner of an auditing company. Mr. TAKEGAWA has no corporate management experience other than being an Outside Director or an Outside Corporate Auditor; however, the Company believes that he will be able to perform duties as Outside Auditor appropriately for the above reasons. The term of office of Mr. TAKEGAWA as Outside Auditor, will have been twelve (12) years at the conclusion of this General Meeting of Shareholders.</p>	2,000 shares

- (Notes)
1. Each of the candidates is a candidate for Outside Corporate Auditor.
 2. Article 37 of the Articles of Incorporation of the Company stipulates that the Company may enter into an agreement with Outside Corporate Auditors to limit liability due to negligence in performing their duties in order to enable them to do their utmost. Accordingly, the Company concluded a limitation of liability agreement with each of the candidates for Outside Corporate Auditors. If they are reelected as proposed, the Company plans to continue the said agreements with them. The maximum amount of liability under the agreement is the minimum amount set forth in Article 425, Paragraph 1 of the Companies Act.
 3. Special remarks regarding the candidates for Outside Corporate Auditors are as follows.
 - (1) No corresponding item existed regarding the records of violation of laws and regulations and the Articles of Incorporation or other inappropriate actions at the Company.
 - (2) Regarding the candidates' service over the past five years as Director, Executive Officer, or Auditor of other companies, no corresponding item existed regarding records of violations of laws and regulations and Articles of Incorporation or other inappropriate actions at these companies during the candidates' term of office therein.
 - (3) Each of the candidates is registered as an Independent Officer with the Tokyo Stock Exchange.

(Reference)

■ **Independence standard for appointing outside directors/auditors**

1. The outside director/auditor has never worked for our Group.
2. The outside director's/auditor's spouse or any relative within the second degree of relationship has never worked for our Group.
3. The outside director/auditor has never been affiliated with any of the following organizations that have relationships with the Company.
 - (1) Organizations that are major shareholders
 - (2) Major banks or securities companies
 - (3) Major accounting auditors, business consultants, law firms, etc.
 - (4) Major suppliers and other business partners that have business relationships with the Company
 - (5) Companies and organizations of which the Company is a major business client.
4. The outside director's/auditor's spouse or any relative within the second degree of relationship has never worked for any of the organizations listed in the preceding paragraph 3.