

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities code: 3156
November 12, 2018

To our shareholders:

Nobuki Kurita
President
UKC Holdings Corporation
1-11-2 Osaki, Shinagawa-ku, Tokyo

Notice of Convocation of the Extraordinary General Meeting of Shareholders

UKC Holdings Corporation (hereinafter referred to as “the Company”) will hold an Extraordinary General Meeting of Shareholders as explained below, and we respectfully request your attendance at the meeting.

If you are unable to attend the meeting in person on the day, you may exercise your voting rights by one of the methods below. Please review the accompanying Reference Materials for the General Meeting of Shareholders and exercise your voting rights.

[Exercising voting rights by mail]

Please indicate your approval or disapproval for each of the proposals on the enclosed form and return it to the Company no later than 5:30 PM on Monday, November 26, 2018 (JST).

[Exercising voting rights via the Internet]

Please access our designated voting website (<https://evote.tr.mufg.jp/>) by entering the login ID and temporary password printed on the enclosed form for exercising voting rights and follow the on-screen instructions to enter your approval or disapproval for each of the proposals no later than 5:30 PM on Monday, November 26, 2018 (JST). In addition, if using the Internet to exercise your voting rights, we request that you kindly check “Exercising your Voting Rights via the Internet” in “Instructions on Exercising your Voting Rights etc.” (Japanese only).

- 1. Date and Time:** 10:00 AM on Tuesday, November 27, 2018 (JST)
- 2. Venue:** Shinagawa Prince Hotel Main Tower, 19F, Gold 19
4-10-30 Takanawa, Minato-ku, Tokyo

3. Agenda:

Matters to be resolved:

- Proposal No. 1:** Approval of Absorption-type Merger Agreement
- Proposal No. 2:** Approval of Absorption-type Company Split Agreement
- Proposal No. 3:** Partial Amendments to the Articles of Incorporation
- Proposal No. 4:** Election of Three Directors (Excluding Directors Who are Audit and Supervisory Committee Members)
- Proposal No. 5:** Election of Three Directors Who are Audit and Supervisory Committee Members
- Proposal No. 6:** Revision of Remuneration Amount for Directors (Excluding Directors Who are Audit and Supervisory Committee Members)

1. We ask that those attending in person on the day to present their form for exercising voting rights at the reception desk of the meeting.
2. In the event of revisions to the Reference Materials for the General Meeting of Shareholders, the revised documents will be made available on the Company’s website.
3. The following items, based on the provisions of laws and regulations and Articles 15 of the Company’s Articles of Incorporation, have been posted on the Company’s website, and have not been included in this convocation notice and the Reference Materials for the General Meeting of Shareholders.
 - (1) Of the matters that should be stated in Proposal No. 1 “Approval of Absorption-type Merger Agreement,” the financial statements, etc., for the most recent fiscal year of VITEC HOLDINGS CO., LTD.
 - (2) Of the matters that should be stated in Proposal No. 2 “Approval of Absorption-type Company Split Agreement,” the financial statements, etc., for the most recent fiscal year of VITEC GLOBAL ELECTRONICS CO., LTD.

The Company’s website (<http://www.ukcgroup.com/>)

Reference Materials for the General Meeting of Shareholders

Proposals and reference matters

Proposal No. 1: Approval of Absorption-type Merger Agreement

The Company and VITEC HOLDINGS CO., LTD. (“VITEC,” and together with the Company, the “Parties”) have been proceeding with detailed examinations and discussion towards a business integration on April 1, 2019 (the “Business Integration”).

On September 14, 2018, the Company and VITEC concluded an absorption-type merger agreement (the “Absorption-type Merger Agreement”) for an absorption-type merger in which the Company is the surviving company and VITEC is the absorbed company (hereinafter referred to as the “Merger”). In regard to this, the Company requests the approval for the Absorption-type Merger Agreement. Purpose of the Merger, details of the Merger, and other matters concerning this proposal are as follows.

It should be noted that the Merger shall take effect on April 1, 2019 (scheduled).

1. Purpose of the Absorption-type Merger

The Company was established in October 2009, through a joint share transfer by USC Corporation and Kyoshin Technosonic Co., Ltd. Since then, the Company has been operating (i) a semiconductor and electronic component business which mainly handles Sony’s image sensors as well as touch screen panel and LCD panel related materials, (ii) an electronic equipment business which mainly handles professional-use products such as video cameras for broadcasting, and (iii) a system equipment business which mainly handles contactless IC card related products for NFC and FeliCa. By combining these competitive products with the provision of finely-tuned technical support by its specialized engineering organization, EMS (electronic manufacturing services), reliability tests and environmental material analysis services for semiconductors and electronic components, the Company offers solutions that satisfy the needs of customers. In the medium term, the Company is solidifying its foundation for technology-based system solutions and AI (Artificial Intelligence)/IoT (Internet of Things) related businesses while reinforcing its existing businesses, with the aim of “strengthening the ability to offer profit-generating technology-oriented proposals” and evolving into a technical trading company. The Company is also seeking to enhance its corporate value by securing greater profits and maximizing the return of investment into new and growing fields.

By contrast, in 1987, VITEC was established as a distributor for Sony’s semiconductors and electronic components. Since then, VITEC has been working on enhancing its product (merchandise) line-up and sales channels, with a focus on overseas manufacturers, while endeavoring to expand its operations through measures such as active business and capital alliances. In 2010, VITEC entered into the procurement business as well as the environmental energy business (power generation, power producer and supplier business and plant factory), which is a new field. This has led to substantial growth in both sales and profit. Moreover, in accordance with its “New Medium-term Management Plan,” which was released on February 26, 2018, under the theme of “global, social contribution and co-creation,” VITEC has sought to increase revenue by launching new businesses, carrying out structural reforms, striving to achieve growth and generate profit by accelerating the transition to high value added businesses, and promoting various efforts with the aim of realizing an electronics value co-creation company.

In recent years, the circumstances surrounding an electronics trading company have been changing drastically as represented by the “intensifying competition due to market maturity and emerging companies entering the market,” the “beginning of an era of AI/IoT,” “greater diversity and sophistication of the customers’ and suppliers’ needs,” a “capital market requirement for maximized management efficiency and corporate value” and a “change of management/business structure, business policies and flow of transactions by industry-leading manufacturers.” In order to sustain growth and development of the Parties’ businesses under such circumstances, the expansion of operations, business areas and the customer base, enhancement of product lineups, and efforts to create businesses with high added value through proposal of solutions and technical development support, are essential. The Parties have been holding discussions based on the understanding that, to be able to play a leading role among the electronics trading companies, it will be necessary, in addition to making the above-mentioned efforts, to attain and continue to pursue greater scale and revenue through an alliance with other companies. Through their discussions, the Parties found that there is an affinity between the Company’s management philosophy,

which is to “create new value through technology and innovation in the field of electronics and contribute to the development of the society,” and that of VITEC, which is to “create prosperous life and an earth-friendly future through the ‘device business’ and ‘environmental energy business.’” The Parties also discovered that their suppliers, customers, EMS businesses, procurement businesses, electronic equipment businesses, engineering service businesses and overseas operations substantively complement each other. As such, the Parties agreed that they would be the most suitable partners capable of mutually utilizing their respective management resources. More specifically, the Parties both recognized that it would be possible to provide services with higher added value to both customers and suppliers if they improve efficiency by integrating their businesses, which are expected to generate synergies, aim to increase sales and profit and combine and further expand their strengths while respecting their respective uniqueness. The Parties also determined that they would be able to utilize their management resources and pursue synergies in relation to their environmental energy businesses. Thus, the Parties have reached an agreement to carry out the Business Integration in the spirit of equality.

Through the Business Integration based on the Merger, the Parties aim to become a company that can make contributions to their shareholders, customers, suppliers, communities and employees by understanding and respecting their respective history and corporate culture and taking advantage of their respective strengths.

2. Details of the Absorption-type Merger Agreement

The details of the Absorption-type Merger Agreement concluded between the Company and VITEC on September 14, 2018, are as follows:

[Translation]

Absorption-type Merger Agreement

UKC Holdings Corporation (whose trade name is scheduled to be changed to Restar Holdings Corporation as of April 1, 2019; “**UKC**”) and VITEC HOLDINGS CO., LTD. (“**VITEC**”) enter into this absorption-type merger agreement (this “**Agreement**”) as of September 14, 2018 (the “**Execution Date**”) as follows regarding an absorption-type merger between UKC and VITEC.

Article 1 Absorption-type merger

UKC and VITEC shall, in accordance with the provisions of this Agreement, execute an absorption-type merger in which UKC will be the surviving company and VITEC will be the absorbed company (the “**Absorption-type Merger**”).

Article 2 Trade names and addresses of parties

The trade names and addresses of UKC and VITEC are as follows.

(1) UKC

Trade name: UKC Holdings Corporation (whose trade name is scheduled to be changed to “Restar Holdings Corporation” as of April 1, 2019)

Address: 1-11-2 Osaki, Shinagawa-ku, Tokyo

(2) VITEC

Trade name: VITEC HOLDINGS CO., LTD.

Address: 3-6-5, Higashi Shinagawa, Shinagawa-ku, Tokyo

Article 3 Matters relating to shares and other monies, etc. to be delivered in Absorption-type Merger

1. In the Absorption-type Merger, UKC shall deliver to each person who, at the time immediately prior to the time at which the Absorption-type Merger takes effect, is a shareholder of VITEC (excluding UKC and VITEC; the “**Shareholders Receiving Allotment**”) a number of common shares in UKC equal to the number of common shares in VITEC owned by the Shareholders Receiving Allotment multiplied by 1 (the “**Merger Ratio**”).

2. In the Absorption-type Merger, UKC shall allocate to each Shareholder Receiving Allotment a number of common shares of UKC equal to the number of common shares of VITEC owned by that such Shareholder Receiving Allotment (but excluding shares for which a request for purchase of shares is made pursuant to the provisions of Article 785 of the Companies Act (Act No. 86 of 2005, as amended)) multiplied by the Merger Ratio.
3. If there are any fractions less than one share in the number of common shares of UKC to be delivered to by UKC the shareholders of VITEC pursuant to the preceding two paragraphs, they shall be handled in accordance with the provisions of Article 234 of the Companies Act and other related laws and regulations.

Article 4 Share capital, etc. of UKC

The Share capital, capital reserves, and retained earnings reserves of UKC will not increase through the Absorption-type Merger.

Article 5 Effective Date

The date on which the Absorption-type Merger takes effect (the “**Effective Date**”) shall be April 1, 2019; provided that, the Effective Date may be changed upon mutual consultation and agreement between the parties if as necessary for the procedures of the Absorption-type Merger or for other reasons.

Article 6 Approval by shareholders meeting

1. No later than the day immediately preceding the Effective Date, UKC shall seek a resolution of its shareholders meeting to approve this Agreement and regarding matters required for the Absorption-type Merger.
2. No later than the day immediately preceding the Effective Date, VITEC shall seek a resolution of its shareholders meeting to approve this Agreement and regarding matters required for the Absorption-type Merger.

Article 7 Dividends of surplus, etc.

Except as prescribed in the provisions of the following items, neither of UKC or VITEC shall, after the Execution Date, make any resolution for a dividend of surplus with a record date that is the Effective Date or any date prior thereto, or make any resolution for an acquisition of own shares with an acquisition date that is the Effective Date or any date prior thereto (except where it is necessary to acquire its own shares in response to the exercise of rights by a shareholder in accordance with applicable laws and regulations, etc.).

- (1) UKC may pay dividends of surplus (i) to the shareholders and registered pledgees stated or recorded in the last shareholders registry as of September 30, 2018, with an upper limit of 62.5 yen per share and 981,251,313 yen in aggregate, and (ii) to the shareholders and registered pledgees stated or recorded in the last shareholders registry as of March 31, 2019, with an upper limit of 37.5 yen per share and 588,750,788 yen in aggregate.
- (2) VITEC may pay dividends of surplus (i) to the shareholders and registered pledgees stated or recorded in the last shareholders registry as of September 30, 2018, with an upper limit of 35 yen per share and 503,083,420 yen in aggregate, and (ii) to the shareholders and registered pledgees stated or recorded in the last shareholders registry as of March 31, 2019, with an upper limit of 35 yen per share and 503,083,420 yen in aggregate.

Article 8 Amendment of terms and conditions of Absorption-type Merger and cancellation of this Agreement

During the period from the Execution Date to the Effective Date, if (i) there occurs a material change in the financial position or management status of UKC or VITEC, (ii) there occurs or becomes apparent a situation that constitutes a material impediment to the implementation of the Absorption-type Merger, or (iii) it otherwise becomes significantly difficult to achieve the purposes of this Agreement, UKC and VITEC may, upon mutual consultation and agreement, amend the terms and conditions of the Absorption-type Merger or any other contents of this Agreement, or cancel this Agreement.

Article 9 Effectiveness of Agreement

This Agreement will cease to be effective if (i) the approval for this Agreement of the shareholders meeting of either UKC or VITEC as provided for in Article 6 is not obtained by the day immediately preceding the Effective Date, (ii) the approvals, etc. from relevant authorities, etc. that are necessary in order to implement the Absorption-type Merger as prescribed in laws and regulations, etc. (including foreign laws) are not obtained by the day immediately preceding the Effective Date, or (iii) this Agreement is cancelled pursuant to the preceding Article.

Article 10 Consultation

If there arises any necessary matter regarding the Absorption-type Merger other than the matters prescribed herein, UKC and VITEC shall determine such matter upon mutual consultation in accordance with the purpose of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed two originals of this Agreement and affix its name and seal, and each party retains one original.

September 14, 2018

UKC: 1-11-2 Osaki, Shinagawa-ku, Tokyo
UKC Holdings Corporation
President Nobuki Kurita

September 14, 2018

VITEC: 3-6-5, Higashi Shinagawa, Shinagawa-ku, Tokyo
VITEC HOLDINGS CO., LTD.
Chairman and President Kunihiro Konno

3. Overview of the Content Prescribed in items of Article 191 of the Ordinance for Enforcement of the Companies Act

(1) Matters related to the appropriateness of the provisions concerning the matters listed in Article 749, Paragraph 1, item 2 and 3 of the Companies Act (Article 191, item 1 of the Ordinance for Enforcement of the Companies Act)

I Matters related to the number of shares to be issued in the Merger, and the appropriateness of the allotment of such shares

a. Details of the Allotment in Relation to the Merger

Upon the Merger, the Company will allot and deliver to the shareholders of VITEC at the time immediately before the effectuation of the Merger, one (1) share of the common stock of the Company per one (1) share of VITEC held.

	The Company (company surviving the absorption-type merger)	VITEC (company absorbed in the absorption-type merger)
Merger ratio in the Merger	1	1

(Notes) 1. No share will be allotted upon the Merger for the 1,100 shares of the common stock of VITEC held by the Company (as of September 30, 2018) and the 2,635 treasury shares held by VITEC (as of September 30, 2018).

2. Upon the Merger, the Company will allot and deliver 14,372,623 shares (scheduled) of the common stock of the Company to the shareholders of VITEC at the time immediately before the effectuation of the Merger (excluding the Company, VITEC and the shareholders who exercise their dissenting shareholders' right to request purchase of shares under Article 785, Paragraph 1 of the Companies Act in relation to the Merger). In addition, the shares to be delivered by the Company will be newly issued and the 3,704 treasury shares held by the Company (as of September 30, 2018) will not be allocated to the allotment of shares in relation to the Merger.

3. The shareholders of VITEC who will hold shares constituting less than one unit (less than 100 shares) of the Company's stock upon the Merger will be entitled to use either of the following systems in relation to the common stock of the Company. Shares constituting less than one unit cannot be sold on any financial instruments exchange market.
 - * System of purchase for shares constituting less than one unit (sale of less than 100 shares)
In accordance with Article 192 Paragraph 1 of the Companies Act, a system pursuant to which a holder of shares constituting less than one unit of the Company's stock may request that the Company purchase the shares held by the holder constituting less than one unit.
 - * System of additional purchase by shareholders holding shares constituting less than one unit (additional purchase to own 100 shares)
In accordance with Article 194, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation, a system pursuant to which a holder of shares constituting less than one unit of the Company's stock may purchase the number of shares of the Company's common stock which, together with the number of shares held by the holder constituting less than one unit, will constitute one unit (100 shares). At present, the Company has no such system of additional purchase in place. Nevertheless, the Company is expected to establish a system of additional purchase subject to the approval and adoption of Proposal No. 3 "Partial Amendments to the Articles of Incorporation" as originally proposed, and the effectuation of the amendments as such.

b. Basis, etc., for Terms of the Allotment in Relation to the Merger

(i) Basis and reason for the terms of the allotment

To ensure the fairness of the merger ratio in the Merger, the Company and VITEC have decided to respectively and separately request a third-party valuation institution, independent of both companies, to calculate the merger ratio. The Company and VITEC appointed Daiwa Securities Co. Ltd. ("Daiwa") and PLUTUS CONSULTING Co., Ltd. ("PLUTUS") as their respective third-party valuation institutions.

The Company and VITEC have carefully considered the results of the analysis and advice submitted or provided by their respective third-party valuation institutions mentioned above. The Parties have also sincerely conducted negotiations and consultations with consideration given to and based on, among other factors, their respective financial condition, business performance and stock price performance. As a result, the Parties have concluded and agreed that the merger ratio set out in "3. (1) I-a. Details of the Allotment in Relation to the Merger" above is appropriate and will contribute to the benefit of their respective shareholders.

Upon the occurrence of any material change to any of the conditions used as the basis of calculation, the merger ratio may be subject to change by consultation between the Parties.

(ii) Matters concerning the calculation

(a) Name of the valuation institutions and relationship with the companies involved in the Merger

Both Daiwa and PLUTUS are third-party valuation institutions which are independent of the Company and VITEC. Daiwa and PLUTUS are not related to either the Company or VITEC and have no material interest to be noted in the Merger.

(b) Outline of the calculation

Daiwa calculated the merger ratio using the market stock price analysis because the common stock of each of the Parties is listed on a financial instruments exchange and their market prices exist. Daiwa also used the discounted cash flow analysis (the "DCF Analysis") to account for the future business operations of the Parties in the valuation. The table below shows the results of the calculation of the merger ratio derived from each of the methods in which the value per share of the Company's common stock is set to one (1).

Analysis methods adopted	Calculation results of the merger ratio
Market stock price analysis	0.91 - 1.01
DCF Analysis	0.71 - 1.16

In performing the market stock price analysis, Daiwa set September 13, 2018 as the calculation reference date. Then, for each stock of the Parties on Tokyo Stock Exchange, Inc. (the “TSE”), Daiwa performed the calculations by referring to the closing price on the calculation reference date as well as the simple average of the closing prices for the most recent one-week, one-month, three-month and six-month periods up to the calculation reference date, and for the 76 business days from May 30, 2018 (the business day following May 29, 2018, which is the date of publishing by the Company of “Announcement on Establishment of a Medium-term Management Plan”) to the calculation reference date.

In the DCF Analysis, PLUTUS analyzed the Company’s and VITEC’s respective corporate values and stock values by discounting the free cash flows that were expected to be generated by each company in the future to the current value at a certain discount rate. PLUTUS’ analysis was based on the business plans provided by the Company and VITEC, respectively, for the fiscal year ending in March 2019, through to the fiscal year ending in March 2021.

It should be noted that the business plan submitted by VITEC to Daiwa, which is consistent with the numerical targets set in the New Medium-term Management Plan and was used as the basis for the DCF Analysis, includes fiscal years in which there will be a significant year-on-year increase in profits. This is because the following increases in the operating income are expected: (i) in the fiscal year ending in March 2019, an increase of 970 million yen over the fiscal year ended in March 2018, which mainly reflects the significant growth of the procurement business and an improvement in the device business’ gross margin ratio; (ii) in the fiscal year ending in March 2020, an increase of 1,500 million yen over the fiscal year ending in March 2019, which is supported principally by the development of the plant factory business; and (iii) in the fiscal year ending in March 2021, an increase of 2,411 million yen over the fiscal year ending in March 2020, which is caused by, among other factors, further progress in the plant factory business, growth of the power generation business and continued expansion of the procurement business.

By contrast, the Company’s business plan does not include any fiscal year in which a significant year-on-year increase or decrease in profits is expected.

The Parties’ business plans on which the DCF Analysis was based do not incorporate the synergistic effect from the Business Integration.

Meanwhile, PLUTUS calculated the merger ratio using the market stock price analysis because the common stock of each of the Parties is listed on a financial instruments exchange and market prices are available. In addition, the DCF Analysis was adopted by PLUTUS to account for the future business operations of the Parties in the valuation.

The table below shows the results of the calculation of the merger ratio derived from each of the methods in which the value per share of the Company’s common stock is set to one (1).

Analysis methods adopted	Calculation results of the merger ratio
Market stock price analysis	0.912 - 1.026
DCF Analysis	0.709 - 1.283

In performing the market stock price analysis, PLUTUS set September 13, 2018 as the calculation reference date. Then, to calculate the merger ratio, PLUTUS reviewed the closing prices of the Parties’ stocks on the TSE on the calculation reference date and the simple average of the closing prices of each stock for the most recent one-month, three-month and six-month periods, each ending on the calculation reference date.

In the DCF Analysis, PLUTUS analyzed the Company’s and VITEC’s respective corporate values and stock values by discounting the free cash flows that were expected to be generated by each company in the future to the current value at a

certain discount rate. PLUTUS' analysis was based on the business plans provided by the Company and VITEC, respectively, for the fiscal year ending in March 2019, through to the fiscal year ending in March 2021. It should be noted that the business plan submitted by VITEC to PLUTUS, which is consistent with the numerical targets set in the New Medium-term Management Plan and was used as the basis for the DCF Analysis, includes fiscal years in which there will be a significant year-on-year increase in profits. This is because the following increases in the operating income are expected: (i) in the fiscal year ending in March 2019, an increase of 970 million yen over the fiscal year ended in March 2018, which mainly reflects the significant growth of the procurement business and an improvement in the device business' gross margin ratio; (ii) in the fiscal year ending in March 2020, an increase of 1,500 million yen over the fiscal year ending in March 2019, which is supported principally by the development of the plant factory business; and (iii) in the fiscal year ending in March 2021, an increase of 2,411 million yen over the fiscal year ending in March 2020, which is caused by, among other factors, further progress in the plant factory business, growth of the power generation business and continued expansion of the procurement business.

By contrast, the Company's business plan does not include any fiscal year in which a significant year-on-year increase or decrease in profits is expected.

The Parties' business plans on which the DCF Analysis was based do not incorporate the synergistic effect from the Business Integration.

(iii) Prospects and reasons for delisting

Upon the Merger, the common stock of VITEC will be delisted as of March 27, 2019, in accordance with the delisting standards of the TSE. (The final trading date is scheduled to be March 26, 2019.) After the delisting, VITEC common stock will no longer be able to be traded on the TSE. However, shares of the Company's common stock will be allotted to the shareholders of VITEC, as described in "3. (1) I-a. Details of the Allotment in Relation to the Merger" above. Even after the delisting of VITEC common stock, the Company's common stock, which will be delivered as consideration for the Merger, will remain listed on the TSE. Thus, although certain shareholders may receive an allotment of the Company's shares constituting less than one unit, depending on the number of VITEC shares held by them, the Company's shares constituting one or more units will continue to be tradable on financial instruments exchange markets. Therefore, the Parties believe that share liquidity will continue to be ensured.

Although the shareholders who receive shares constituting less than one unit of the Company's stock upon the Merger will not be able to sell such shares on the TSE, each such shareholder may opt to use the system of purchase by the Company or the system of additional purchase from the Company. For more details about those options, please see "Note 3. of 3. (1) I-a." above. VITEC shareholders may continue to trade their shares of VITEC common stock on the TSE and exercise their legal rights associated with such shares under the Companies Act and other relevant laws and regulations until March 26, 2019 (scheduled), the final trading date.

(iv) Measures to ensure fairness

(a) Acquisition of valuation reports from third-party valuation institutions

To ensure the fairness and appropriateness of the merger ratio used in the Merger, the Company received from Daiwa, a third-party valuation institution, a valuation report as of September 13, 2018, concerning the merger ratio to be used in the Merger. The Company has not obtained from Daiwa an opinion to the effect that the merger ratio in the Merger is fair or appropriate to the Company from a financial viewpoint (a fairness opinion).

To ensure the fairness and appropriateness of the merger ratio used in the Merger, VITEC received from PLUTUS, a third-party valuation institution, a valuation

report as of September 13, 2018, concerning the merger ratio to be used in the Merger. VITEC has not obtained from PLUTUS an opinion to the effect that the merger ratio in the Merger is fair or appropriate to VITEC from a financial viewpoint (a fairness opinion).

(b) Advice from independent law firms

To ensure the fairness and appropriateness of the decision-making of the Company's board of directors, the Company has appointed Anderson Mori & Tomotsune as its legal adviser and has received its legal advice regarding the Company's decision-making methods and process, among other issues. Anderson Mori & Tomotsune does not have any material interest in either the Company or VITEC.

To ensure the fairness and appropriateness of the decision-making of VITEC's board of directors, VITEC has appointed Mori Hamada & Matsumoto as its legal adviser and has received its legal advice regarding VITEC's decision-making methods and process, among other matters. Mori Hamada & Matsumoto does not have any material interest in either VITEC or the Company.

(v) Measures to avoid conflicts of interest

No special measure has been taken because the Merger will not give rise to any particular relationship involving a conflict of interest between the Company and VITEC.

II Matters related to the appropriateness of the amount of capital and reserves of the company surviving the absorption-type merger

There will be no increase of the Company's share capital or capital reserve upon the Merger. The handling of this, upon comprehensive consideration and examination of the Company's financial status, capital policy, and other circumstances, has been determined to be within the scope of laws and regulations, and is thought to be appropriate.

(2) Matters related to the appropriateness of the provisions concerning the matters listed in Article 749, Paragraph 1, item 4 and 5 of the Companies Act (Article 191, item 2 of the Ordinance for Enforcement of the Companies Act)

Not applicable.

(3) The following matters concerning the company absorbed in the absorption-type merger (Article 191 item 3 of the Ordinance for Enforcement of the Companies Act)

I Content of financial statements, etc., for the final fiscal year

As this has been posted on the Company's website (<http://www.ukcgroup.com/>) based on the provisions of laws and regulations and Article 15 of the Company's Articles of Incorporation, this has not been stated in this convocation notice and the Reference Materials for the General Meeting of Shareholders.

II Disposal of important property, bearing of significant debt, and other events which may have a significant impact on the status of company assets that have occurred since the last day of the final fiscal year

On April 2, 2018, as a part of the new growth strategy for the plant factory business, Vitec Vegetable Factory Co., Ltd., a consolidated subsidiary of VITEC, carried out a capital increase through a third-party allotment targeting partner companies in each area of the plant factory business, and VITEC underwrote the said capital increase. An outline of this capital increase is as follows.

Number of shares issued	500,000 shares
Issue price:	JPY 10,000 per share
Total issue price:	JPY 5,000,000,000
Major allottees	
VITEC HOLDINGS CO., LTD.	304,000 shares
CANON ELECTRONICS INC.	50,000 shares
Ryonetsu Kogyo co., Ltd.	50,000 shares
Development Bank of Japan Inc.	20,000 shares
KOKUBU GROUP CORP.	10,000 shares

- (4) Disposal of important property, bearing of significant debt, and other events which may have a significant impact on the status of the Company's assets that have occurred since the last day of the final fiscal year of the Company (Article 191, item 5 of the Ordinance for Enforcement of the Companies Act)
- On September 14, 2018, the Company and VITEC GLOBAL ELECTRONICS CO., LTD. ("VGEL"), a wholly-owned subsidiary of VITEC, concluded an absorption-type company split agreement on September 14, 2018, for an absorption-type company split pertaining to the Company's device business in which the Company is the company being split and VGEL is the successor company, scheduled to take effect on April 1, 2019, subject to the effectuation of the Merger as a condition precedent.

Proposal No. 2: Approval of Absorption-type Company Split Agreement

On September 14, 2018, the Company and VGEL, a wholly-owned subsidiary of VITEC, concluded an absorption-type company split agreement (the “Absorption-type Company Split Agreement”) for an absorption-type company split pertaining to the Company’s device business in which the Company is the company being split and VGEL is the successor company (hereinafter referred to as the “Split”), subject to the effectuation of the Merger as a condition precedent. In regard to this, the Company requests the approval for the Absorption-type Split Agreement.

Purpose of the Split, details of the Split, and other matters concerning this proposal are as follows.

The Split can only take effect after the approval and adoption of Proposal No. 1 “Approval of Absorption-type Merger Agreement” as originally proposed, and subject to the effectuation of the Merger, on April 1, 2019 (scheduled).

1. Purpose of the Absorption-type Split

As part of the Business Integration, the Split will be carried out to integrate the Company’s device business into VGEL with the goal of realizing earlier the synergies between the Company’s and VGEL’s device businesses. As a result of the Split, the Company will become a pure holding company which will be responsible for the planning and promoting functions for the group’s strategies as well as the governance function, and will endeavor to create new corporate values while enhancing the existing corporate values.

2. Details of the Absorption-type Split Agreement

The details of the Absorption-type Company Split Agreement concluded between the Company and VGEL on September 14, 2018, are as follows:

[Translation]

Absorption-type Company Split Agreement

UKC Holdings Corporation (whose trade name is scheduled to be changed to Restar Holdings Corporation as of April 1, 2019; “UKC”) and VITEC GLOBAL ELECTRONICS CO., LTD. (whose trade name is scheduled to be changed to Restar Electronics Corporation as of April 1, 2019; “VGEL”) enter into this absorption-type company split agreement (this “Agreement”) as of September 14, 2018 (the “Execution Date”) as follows regarding an absorption-type company split in which UKC will cause VGEL to succeed to the rights and obligations of UKC that pertain to the business prescribed in Article 1.

Article 1 Absorption-type company split

In accordance with the provisions of this Agreement, UKC shall, by means of an absorption-type company split, cause VGEL to succeed to the rights and obligations (the “Target Rights and Obligations”) stated in the “List of Target Rights and Obligations” in the Exhibit attached hereto with respect to the semiconductor and electronic component business of UKC (the “Business”), and VGEL shall accept such succession.

Article 2 Trade names and addresses of parties

The trade names and addresses of UKC and VGEL are as follows.

(1) UKC

Trade name: UKC Holdings Corporation (whose trade name is scheduled to be changed to “Restar Holdings Corporation” as of April 1, 2019)

Address: 1-11-2 Osaki, Shinagawa-ku, Tokyo

(2) VGEL

Trade name: VITEC GLOBAL ELECTRONICS CO., LTD. (whose trade name is scheduled to be changed to “Restar Electronics Corporation” as of April 1, 2019)

Address: 2-32-3, Kita Shinagawa, Shinagawa-ku, Tokyo

Article 3 Matters relating to Target Rights and Obligations

1. VGEL shall succeed to the Target Rights and Obligations from UKC by means of the Absorption-type Company Split on the effective date (the “**Effective Date**”).
2. UKC shall remain jointly liable for all obligations succeeded to VGEL pursuant to the provisions of the preceding paragraph; provided that, if UKC performs or otherwise bears any expense in respect of the obligations so succeeded to VGEL, UKC may request for compensation to VGEL for the full amount of such expense.

Article 4 Matters relating to shares and other monies, etc. to be delivered in Absorption-type Company Split

VGEL will not make any payment of consideration for the Target Rights and Obligations it succeeds to pursuant to Paragraph 1 of the preceding Article in the Absorption-type Company Split.

Article 5 Effective Date, etc.

1. The Effective Date of the Absorption-type Company Split shall be April 1, 2019; provided that, the Effective Date may be changed upon mutual consultation and agreement between the parties as necessary for the procedures of the Absorption-type Company Split or for other reasons.
2. The Absorption-type Company Split shall become effective subject to the condition precedent that the absorption-type merger between UKC and VITEC HOLDINGS CO., LTD. (“VITEC HOLDINGS”) pursuant to the “Absorption-type Merger Agreement” dated September 14, 2018 between UKC and VITEC HOLDINGS becomes effective.

Article 6 Share capital, etc. of VGEL

The Share capital, capital reserves, and retained earnings reserves of VGEL will not increase through the Absorption-type Company Split.

Article 7 Approval by shareholders meeting

1. No later than the day immediately preceding the Effective Date, UKC shall seek a resolution of its shareholders meeting to approve this Agreement and matters required for the Absorption-type Company Split.
2. No later than the day immediately preceding the Effective Date, VGEL shall obtain the approval of its shareholders meeting (including a resolution of the shareholders meeting which may be deemed to have made pursuant to the provisions of Article 319(1) of the Companies Act) regarding this Agreement and matters required for the Absorption-type Company Split.

Article 8 Non competition

On and after the Effective Date, UKC will not bear any non-competition obligation to VGEL in respect of the Business, unless otherwise agreed between the parties.

Article 9 Amendment of terms and conditions of Absorption-type Company Split and cancellation of this Agreement

During the period from the Execution Date to the Effective Date, if (i) there occurs a material change in the financial position or management status of UKC or VGEL, (ii) there occurs or becomes apparent a situation that constitutes a material impediment to the implementation of the Absorption-type Company Split, (iii) it becomes significantly difficult to achieve the purposes of this Agreement, or (iv) it otherwise becomes necessary to amend the terms of this Agreement or to cancel this Agreement, UKC and VGEL may, upon mutual consultation and agreement, amend the terms and conditions of the Absorption-type Company Split or any other contents of this Agreement, or cancel this Agreement.

Article 10 Effectiveness of Agreement

This Agreement will cease to be effective if (i) the approval of the shareholders meeting of either UKC or VGEL as prescribed in Article 7 is not obtained by the day immediately preceding the Effective Date, (ii) the approvals, etc. from relevant authorities, etc. that are necessary in order to implement the Absorption-type Company Split as prescribed in laws and regulations, etc. (including foreign law) are not obtained by the day immediately preceding the Effective Date, or (iii) this Agreement is cancelled pursuant to the preceding Article.

Article 11 Consultation

If there arises any necessary matter regarding the Absorption-type Company Split other than the matters prescribed herein, UKC and VGEL shall determine such matter upon mutual consultation in accordance with the purpose of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed two originals of this Agreement and affix its name and seal, and each party retains one original.

September 14, 2018

UKC: 1-11-2 Osaki, Shinagawa-ku, Tokyo
UKC Holdings Corporation
President Nobuki Kurita

September 14, 2018

VGEL: 2-32-3, Higashi Shinagawa, Shinagawa-ku, Tokyo
VITEC GLOBAL ELECTRONICS CO., LTD.
President Kunihiko Konno

List of Target Rights and Obligations

The assets, obligations, employment agreements, and other rights and obligations to be succeeded to by VGEL from UKC on the Effective Date shall be as stated below. Of these, the assets and obligations to be succeeded to by VGEL from UKC shall be finalized based on the balance sheet of UKC as of June 30, 2018 or on other calculations as of such date, and after adding or subtracting from such amounts any changes arising up to the date immediately preceding the Effective Date.

Particulars

1. Assets
All current assets (including cash and deposits held by UKC) and fixed assets attributable to the Business, except those as separately agreed to by UKC and VGEL.
2. Obligations
All current liabilities and fixed liabilities attributable to the Business, except tax liabilities and any other liabilities unable to be succeeded to due to a reason pursuant to law or regulation, etc., and any other liability as separately agreed to by UKC and VGEL.
3. Contracts (other than employment contracts)
The contractual status of UKC as party to all contracts relating to the Business that are executed by UKC or to which it has succeed to in the past, and all rights and obligations arising under such contracts. But excluding those as separately agreed to by UKC and VGEL. Employment contracts shall be handled as stated in 4. below.
4. Employment contracts
The contractual status of UKC as a party to employment contracts executed thereby with all employees engaged in the Business as of the Effective Date, and all rights and obligations arising under such contracts, except those employees who state an objection pursuant to Article 5(1) of the Act on Succession of Labor Contracts Upon Company Split (Act No. 103 of 2000) (if any), and those employees in the case where UKC, VGEL, and such employee agree to separate handling by the day immediately preceding the Effective Date.
5. Permissions and approvals, etc.
Of the licenses, permissions, approvals, registrations, notifications, and the like held by UKC in respect of the Business on the Effective Date, those that are able to be succeeded to pursuant to laws and regulations, etc., except those that is necessary for UKC to continue to hold and that is separately agreed to by UKC and VGEL.
6. Intellectual property rights
All intellectual property rights attributable to the Business, except those as separately agreed to by UKC and VGEL.
7. Other
Any other items as separately agreed to by UKC and VGEL.

3. Overview of the Content Prescribed in items of Article 183 of the Ordinance for Enforcement of the Companies Act
- (1) Matters related to the appropriateness of the provisions concerning the matters listed in Article 758, item 4 of the Companies Act (Article 183, item 1 of the Ordinance for Enforcement of the Companies Act)
The Split is subject to the effectuation of the Merger and as such, it is assumed that VGEL will become a wholly owned subsidiary of the Company at the time immediately before the effectuation of the Split. VGEL will not make any allotment of shares, money or other property upon the Split because it will become a wholly owned subsidiary of the Company upon the Split. There will be no increase or decrease of the Company's share capital or capital reserve upon the Split.
 - (2) Matters related to the appropriateness of the provisions concerning the matters listed in Article 758, item 5 and 6 of the Companies Act (Article 183, item 3 of the Ordinance for Enforcement of the Companies Act)
Not applicable.
 - (3) The following matters concerning the successor company in the absorption-type company split (Article 183, item 4 of the Ordinance for Enforcement of the Companies Act)
 - I Content of financial statements, etc., for the final fiscal year
As this has been posted on the Company's website (<http://www.ukcgroup.com/>) based on the provisions of laws and regulations and Article 15 of the Company's Articles of Incorporation, this has not been stated in this convocation notice and the Reference Materials for the General Meeting of Shareholders.
 - II Disposal of important property, bearing of significant debt, and other events which may have a significant impact on the status of company assets that have occurred since the last day of the final fiscal year
Not applicable.
 - (4) Disposal of important property, bearing of significant debt, and other events which may have a significant impact on the status of the Company's assets that have occurred since the last day of the final fiscal year of the Company (Article 183, item 5 of the Ordinance for Enforcement of the Companies Act)
On September 14, 2019, the Company and VITEC, the parent company of VGEL, concluded an absorption-type merger agreement for an absorption-type merger in which the Company is the surviving company and VITEC is the absorbed company, scheduled to take effect on April 1, 2019.

Proposal No. 3: Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

On the condition that Proposal No. 1 “Approval of Absorption-type Merger Agreement” is approved, in conjunction with the Merger scheduled for April 1, 2019, the Company proposes amendments to provisions in its current Articles of Incorporation concerning the trade name, purpose, rights regarding shares less than one unit, and Directors, as well as establishment of new provisions for additional purchase of shares less than one unit.

These partial amendments to the Articles of Incorporation can only take effect after the approval and adoption of Proposal No. 1 “Approval of Absorption-type Merger Agreement” as originally proposed, and subject to the effectuation of the Merger, on the effective date (scheduled for April 1, 2019).

2. Details of amendments

The details of the amendments are as follows.

(Amendments are underlined)

Current Articles of Incorporation	Proposed amendments
<p>(Trade Name) Article 1 The name of the Company shall be “Kabushiki Kaisha <u>UKC</u> Holdings” and in English it shall be “<u>UKC</u> Holdings Corporation.”</p>	<p>(Trade Name) Article 1 The name of the Company shall be “Kabushiki Kaisha <u>Restar</u> Holdings” and in English it shall be “<u>Restar</u> Holdings Corporation.”</p>
<p>(Purpose) Article 2 The purposes of the Company shall be to engage in the following businesses, and by holding shares or equity in companies that engage in the following businesses and foreign companies which engage in businesses equivalent thereto, to control or manage the business activities of such companies.</p> <p>(1) <u>Manufacture and sale of electronic equipment</u></p> <p>(2) <u>Development, sale, and import/export of electronic components</u></p> <p>(3) <u>Manufacture, sale, and import/export of equipment relating to the preceding two items</u></p> <p>(4) <u>Development and import/export of technology for use relating to the preceding three items</u></p> <p>(5) Contracting of various tests and chemical analysis of electronic components</p> <p>(6) Development, design, and sale of software to be embedded in household electronic products</p> <p>(7) Development, <u>design, and</u> sale of computer software</p> <p>(8) Contracting of planning, design, and operation of communication networks that use an information system or the Internet</p> <p>(9) Sale of second hand video, audio, <u>and</u> information telecommunication equipment, as well as accessories relating to these</p> <p>(10) Rental of video, audio, <u>and</u> information telecommunication equipment, as well as accessories relating to these</p> <p style="text-align: right;">(Newly established)</p> <p style="text-align: right;">(Newly established)</p>	<p>(Purpose) Article 2 The purposes of the Company shall be to engage in the following businesses, and by holding shares or equity in companies that engage in the following businesses and foreign companies which engage in businesses equivalent thereto, to control or manage the business activities of such companies.</p> <p>(1) <u>Sale, development, manufacture, import/export, and maintenance of components, raw materials, secondary materials, and equipment relating to electronics</u></p> <p>(2) Development and import/export of <u>technology for use relating to the preceding item</u> (Deleted)</p> <p>(Deleted)</p> <p>(3) Contracting of various tests and chemical analysis of electronic components</p> <p>(4) Development, design, and sale of software to be embedded in household electronic products</p> <p>(5) Development, <u>creation, sale, and import/export</u> of computer software</p> <p>(6) Contracting of planning, design, and operation of communication networks that use an information system or the Internet</p> <p>(7) Sale of second hand video, audio, information telecommunication, <u>and measurement</u> equipment, as well as accessories relating to these</p> <p>(8) Rental of video, audio, information telecommunication, <u>and measurement</u> equipment, as well as accessories relating to these</p> <p>(9) <u>Provision of consultation, products, and services as well as administrative work in the environmental energy field</u></p> <p>(10) <u>Power generation business, and the management and operation thereof, as well as supply, sale, maintenance, management, etc., of electricity</u></p>

Current Articles of Incorporation	Proposed amendments
<p><u>(11) Recycling of paper products such as waste paper and cardboard, as well as development, manufacture, sale, and leasing of products that use these</u></p> <p><u>(12) Development, manufacture, sale, recycling, and leasing of packing tools</u></p> <p><u>(13) Provision of consultation in regard to the environment</u> (Newly established)</p> <p>(Newly established)</p> <p>(Newly established)</p> <p>(14) Handling of freight transportation</p> <p>(15) Worker dispatch business (Newly established)</p> <p>(16) All businesses that are incidental to those mentioned in the preceding items.</p>	<p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p><u>(11) Farming business and production, monitoring, processing and sale of agricultural products (agricultural production corporation)</u></p> <p><u>(12) Provision of information, commerce transaction, and agency service thereof, using the Internet</u></p> <p><u>(13) Management and operation of logistics centers, as well as collection and processing of logistics information</u></p> <p>(14) Handling of freight transportation</p> <p>(15) Worker dispatch business</p> <p><u>(16) Purchase and sale of used goods (second hand goods business)</u></p> <p>(17) All businesses that are incidental to those mentioned in the preceding items.</p>
<p>Article 3 - Article 8 (Omitted)</p>	<p>Article 3 - Article 8 (Unchanged)</p>
<p>(Rights Regarding Shares Less than One Unit)</p> <p>Article 9</p> <p>A shareholder of the Company may not exercise any rights other than the rights listed below with regard to shares less than one unit held by the shareholder:</p> <p>(1) Rights set forth in items of Article 189, Paragraph 2 of the Companies Act;</p> <p>(2) Right to make a demand pursuant to the provisions of Article 166, Paragraph 1 of the Companies Act; <u>and</u></p> <p>(3) Right to receive an allotment of offered shares and offered share acquisition rights in proportion to the number of shares held by the shareholder (Newly established)</p> <p>(Newly established)</p>	<p>(Rights Regarding Shares Less than One Unit)</p> <p>Article 9</p> <p>A shareholder of the Company may not exercise any rights other than the rights listed below with regard to shares less than one unit held by the shareholder:</p> <p>(1) Rights set forth in items of Article 189, Paragraph 2 of the Companies Act;</p> <p>(2) Right to make a demand pursuant to the provisions of Article 166, Paragraph 1 of the Companies Act;</p> <p>(3) Right to receive an allotment of offered shares and offered share acquisition rights in proportion to the number of shares held by the shareholder; <u>and</u></p> <p><u>(4) Right to make a demand as provided for in the following Article.</u></p> <p><u>(Additional Purchase of Shares Less Than One Unit)</u></p> <p><u>Article 10</u></p> <p><u>A shareholder of the Company may, as provided for in the Share Handling Regulations, request the Company to sell to the shareholder a number of shares which will, when combined with the number of shares already held by the shareholder, constitute one share unit.</u></p>
<p>Article 10 - Article 13 (Omitted)</p>	<p>Article 11 - Article 14 (Unchanged)</p>
<p>(Convener and Chairmanship of General Meeting of Shareholders)</p> <p>Article 14</p> <p>1 <u>The President shall convene General Meeting of Shareholders and chair the meetings.</u></p> <p>2 In cases where the <u>President</u> is prevented from so acting, another <u>Director</u> who is designated in accordance with an order of priority determined <u>in advance by</u> the Board of Directors shall <u>convene a General Meeting of Shareholders and chair the meeting.</u></p>	<p>(Convener and Chairmanship of General Meeting of Shareholders)</p> <p>Article 15</p> <p>1 <u>Unless otherwise provided for by laws and regulations, the Director who is designated in advance by the Board of Directors shall convene General Meeting of Shareholders.</u></p> <p>2 <u>The Director who is designated in advance by the Board of Directors shall chair a General Meeting of Shareholders. Provided, however, in cases where the Director is prevented from so acting, another person who is designated in accordance with an order of priority determined in advance by the Board of Directors shall chair the meeting.</u></p>

Current Articles of Incorporation	Proposed amendments
<p>Article <u>15</u> - Article <u>17</u> (Omitted)</p> <p>(Number of Members)</p> <p>Article <u>18</u></p> <ol style="list-style-type: none"> 1 The Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members) shall have no more than ten members. 2 The Company’s Directors who are Audit and Supervisory Committee Members shall have no more than <u>five</u> members. <p>Article <u>19</u> - Article <u>20</u> (Omitted)</p> <p>(Representative Directors and Directors With Special Titles)</p> <p>Article <u>21</u></p> <ol style="list-style-type: none"> 1 The Board of Directors shall appoint Representative Directors from Directors (excluding Directors who are Audit and Supervisory Committee Members) by its resolution. 2 The Board of Directors may appoint, by its resolution, from Directors (excluding Directors who are Audit and Supervisory Committee Members), one Chairman, <u>one Vice Chairman, one President</u>, one or a small number of Executive Vice Presidents, one or a small number of Senior Managing Directors, one or a small number of Managing Directors, and one or a small number of Director and Advisors. <p>(Convener and Chairmanship of Meeting of the Board of Directors)</p> <p>Article <u>22</u></p> <ol style="list-style-type: none"> 1 Unless otherwise provided for by laws and regulations, the <u>Chairman</u> shall convene meetings of the Board of Directors and chair the meetings. 2 In cases where <u>the post of the Chairman is vacant, or the Chairman is prevented from so acting, the President</u> convene a meeting of the Board of Directors and chair the meeting. <u>In such cases, if the President is prevented from so acting, another Director who is designated in accordance with an order of priority determined in advance by the Board of Directors shall so act.</u> <p>Article <u>23</u> - Article <u>37</u> (Omitted)</p> <p>Supplementary Provisions (Provisional Measures regarding Exemption of Statutory Auditors from Liabilities)</p> <ol style="list-style-type: none"> 1 The Company may, by resolution of the Board of Directors, exempt Statutory Auditors (including former Statutory Auditors) from liability specified in Article 423, Paragraph 1 of the Companies Act <u>resulting from conduct prior to conclusion of the ninth Ordinary General Meeting of Shareholders</u> to the extent permitted by laws and regulations. 	<p>Article <u>16</u> - Article <u>18</u> (Unchanged)</p> <p>(Number of Members)</p> <p>Article <u>19</u></p> <ol style="list-style-type: none"> 1 The Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members) shall have no more than ten members. 2 The Company’s Directors who are Audit and Supervisory Committee Members shall have no more than <u>ten</u> members. <p>Article <u>20</u> - Article <u>21</u> (Unchanged)</p> <p>(Representative Directors and Directors With Special Titles)</p> <p>Article <u>22</u></p> <ol style="list-style-type: none"> 1 The Board of Directors shall appoint Representative Directors from Directors (excluding Directors who are Audit and Supervisory Committee Members) by its resolution. 2 The Board of Directors may appoint, by its resolution, from Directors (excluding Directors who are Audit and Supervisory Committee Members), one Chairman, one President, <u>one or a small number of Vice Chairman</u>, one or a small number of Executive Vice Presidents, one or a small number of Senior Managing Directors, one or a small number of Managing Directors, and one or a small number of Director and Advisors. <p>(Convener and Chairmanship of Meeting of the Board of Directors)</p> <p>Article <u>23</u></p> <ol style="list-style-type: none"> 1 Unless otherwise provided for by laws and regulations, the <u>Director who is designated in advance by the Board of Directors</u> shall convene meetings of the Board of Directors and chair the meetings. 2 In cases where the <u>Director prescribed in the preceding item</u> is prevented from so acting, <u>another Director who is designated in accordance with an order of priority determined in advance by the Board of Directors shall</u> convene a meeting of the Board of Directors and chair the meeting. <p>Article <u>24</u> - Article <u>38</u> (Unchanged)</p> <p>Supplementary Provisions (Provisional Measures regarding Exemption of Statutory Auditors from Liabilities)</p> <ol style="list-style-type: none"> 1 The Company may, by resolution of the Board of Directors, exempt Statutory Auditors (including former Statutory Auditors <u>[including persons who were Statutory Auditors of the company absorbed in the absorption-type merger prior to the absorption-type merger in which the Company is the surviving company and VITEC HOLDINGS CO., LTD. is the absorbed company coming into effect]</u>) from liability specified in Article 423, Paragraph 1 of the Companies Act to the extent permitted by laws and regulations.

Current Articles of Incorporation	Proposed amendments
2 (Omitted)	2 (Unchanged)

Proposal No. 4: Election of Three Directors (Excluding Directors Who are Audit and Supervisory Committee Members)

On the condition that Proposal No. 1 “Approval of Absorption-type Merger Agreement” is approved, the Company proposes that three Directors (excluding Directors who are Audit and Supervisory Committee Members) be elected, as new appointment in conjunction with the Merger scheduled for April 1, 2019.

The appointment of each candidate for Director (excluding Directors who are Audit and Supervisory Committee Members) can only take effect after the approval and adoption of Proposal No. 1 “Approval of Absorption-type Merger Agreement” as originally proposed, and subject to the effectuation of the Merger, on the effective date (scheduled for April 1, 2019).

The Audit and Supervisory Committee have expressed the opinion that this proposal is appropriate.

The candidates for Director (excluding Directors who are Audit and Supervisory Committee Members) are as follows.

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities	Number of shares of the Company owned
1	Kunihiro Konno (July 15, 1940) New election	<p>Apr. 1987 Established VITEC CO., LTD. (currently VITEC HOLDINGS CO., LTD.) President, VITEC CO., LTD.</p> <p>Nov. 1996 Senior Vice President, Member of the Board and Counselor (<i>soudanyaku</i>), VITEC CO., LTD.</p> <p>June 2003 Special Advisor (<i>tokubetsu komon</i>), VITEC CO., LTD.</p> <p>June 2012 Chairman, VITEC CO., LTD.</p> <p>Apr. 2013 Chairman & President, VITEC CO., LTD. (present post)</p> <p>Jan. 2018 President, VITEC GLOBAL ELECTRONICS CO., LTD. (present post)</p> <p>Apr. 2018 Chairman & Representative Director, Vitec Vegetable Factory Co., Ltd.</p> <p>Aug. 2018 Chairman & Member of the Board, Vitec Vegetable Factory Co., Ltd. (present post)</p> <p>[Significant concurrent positions outside the Company] None.</p>	0
<p>[Reasons for nomination] Mr. Kunihiro Konno has worked in the electronics industry for many years and possesses a wealth of managerial experience as a manager as the Chairman & President of VITEC HOLDINGS. CO., LTD., and the Company believes that he will be able to continue to appropriately perform his duties as a Member of the Board of the Company group after the business integration with VITEC HOLDINGS. CO., LTD.</p> <p>[Special interest between the candidate and the Company] There is no special interest.</p>			

Proposal No. 5: Election of Three Directors Who are Audit and Supervisory Committee Members

On the condition that Proposal No. 1 “Approval of Absorption-type Merger Agreement” and Proposal No. 3 “Partial Amendments to the Articles of Incorporation” are approved, the Company proposes that three Directors who are Audit and Supervisory Committee Members be elected, as new appointment in conjunction with the Merger scheduled for April 1, 2019.

The appointment of each candidate for Director who is an Audit and Supervisory Committee Members can only take effect after the approval and adoption of Proposal No. 1 “Approval of Absorption-type Merger Agreement” and Proposal No. 3 “Partial Amendments to the Articles of Incorporation” as originally proposed, and subject to the effectuation of the Merger, on the effective date (scheduled for April 1, 2019).

The consent of the Audit and Supervisory Committee has been obtained for this proposal.

The candidates for Director who is an Audit and Supervisory Committee Member are as follows.

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities	Number of shares of the Company owned
1	Tatsuichi Naruse (November 20, 1951) New election	<p>Apr. 1987 Joined VITEC CO., LTD. (currently VITEC HOLDINGS CO., LTD.)</p> <p>June 1996 Senior Vice President, Member of the Board, VITEC CO., LTD.</p> <p>Apr. 2010 Advisor (<i>komon</i>), VITEC CO., LTD.</p> <p>Apr. 2012 Vice President, VITEC CO., LTD</p> <p>June 2015 Senior Vice President, Member of the Board, VITEC CO., LTD.</p> <p>Apr. 2017 Executive Vice President, Member of the Board (in charge of Manager of Staff Group), VITEC HOLDINGS CO., LTD. (present post)</p> <p>[Significant concurrent positions outside the Company] None.</p>	0
<p>[Reasons for nomination] Mr. Tatsuichi Naruse has worked in the electronics industry for many years, and in his position of leading financial managers and staff as Executive Director of VITEC HOLDINGS CO., LTD. He is expected to utilize his wealth of experience and insight to provide appropriate advice from an objective standpoint, and the Company believes that he will perform the role of supervising and auditing the management.</p> <p>[Special interest between the candidate and the Company] There is no special interest.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities	Number of shares of the Company owned
2	Haruka Matsuyama (August 22, 1967) New election Outside Independent	<p>Apr. 1995 Assistant Judge, Tokyo District Court</p> <p>July 2000 Joined Hibiya Park Law Offices</p> <p>Jan. 2002 Partner, Hibiya Park Law Offices (present post)</p> <p>June 2012 Outside Auditor, VITEC CO., LTD. (currently VITEC HOLDINGS CO., LTD.)</p> <p>June 2013 Outside Director, T&D Holdings, Inc. (present post)</p> <p>June 2014 Outside Auditor, MITSUI & CO., LTD. (present post)</p> <p>Outside Director, Mitsubishi UFJ Financial Group, Inc. (present post)</p> <p>June 2015 Outside Director (Audit and Supervisory Committee Member), VITEC CO., LTD. (currently VITEC HOLDINGS CO., LTD.) (present post)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Lawyer, Hibiya Park Law Offices</p> <p>Outside Director, T&D Holdings, Inc.</p> <p>External Audit & Supervisory Board Member, MITSUI & CO., LTD.</p> <p>Outside Director, Mitsubishi UFJ Financial Group, Inc.</p>	0
<p>[Reasons for nomination]</p> <p>Ms. Haruka Matsuyama possesses expert knowledge, experience, and the like as a lawyer and is expected to provide appropriate advice from an objective standpoint, and the Company believes that she will further strengthen the corporate governance of the Company.</p> <p>[Special interest between the candidate and the Company]</p> <p>There is no special interest.</p>			
3	Seno Tezuka (January 9, 1948) New election Outside Independent	<p>Mar. 1972 Joined Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)</p> <p>Apr. 1974 Registered as certified public accountant</p> <p>July 1992 Representative Partner, Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)</p> <p>June 2013 Retired from Deloitte Touche Tohmatsu LLC</p> <p>June 2015 Outside Director (Audit and Supervisory Committee Member), VITEC CO., LTD. (currently VITEC HOLDINGS CO., LTD.) (present post)</p> <p>June 2016 Outside Auditor, Yakult Honsha Co., Ltd. (present post)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Outside Auditor, Yakult Honsha Co., Ltd.</p>	0
<p>[Reasons for nomination]</p> <p>Mr. Seno Tezuka possesses expert knowledge, experience, and the like as a certified public accountant and is expected to provide appropriate advice from an objective standpoint, and the Company believes that he will further strengthen the corporate governance of the Company.</p> <p>[Special interest between the candidate and the Company]</p> <p>There is no special interest.</p>			

- (Notes)
- Ms. Haruka Matsuyama and Mr. Seno Tezuka are candidates for Outside Directors.
 - If Mr. Tatsuichi Naruse, Ms. Haruka Matsuyama and Mr. Seno Tezuka assume the position of Director who is an Audit and Supervisory Committee Member, the Company intends to conclude a liability limitation contract with each of them pursuant to Article 427, Paragraph 1 of the Companies Act such that his or her liability for damages outlined under Article 423, Paragraph 1 of the same act shall be limited to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same act.
 - If Ms. Haruka Matsuyama and Mr. Seno Tezuka assume the position of Director who is an Audit and Supervisory Committee Member, the Company intends to notify the Tokyo Stock Exchange that they are being designated Independent Directors.

- Furthermore, the Company's criteria for determining independence of Outside Directors is appended for your reference.
4. The name of Ms. Haruka Matsuyama is recorded on her family registry as Haruka Kato.

Proposal No. 6: Revision of Remuneration Amount for Directors (Excluding Directors Who are Audit and Supervisory Committee Members)

The amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company was approved as being up to 300 million yen per year (up to 50 million yen per year for Outside Directors) at the 9th Ordinary General Meeting of Shareholders held on June 26, 2018, and has been unchanged since then. However, the Company proposes to prescribe a new remuneration amount for Directors (excluding Directors who are Audit and Supervisory Committee Members); in consideration of various circumstances such as changes in the management structure in conjunction with the expansion of management scale due to the Merger, the remuneration amount shall be set at up to 500 million yen per year (up to 50 million yen per year for Outside Directors). In addition, as in the past, such remuneration amount shall not include the employee salary for Directors who are concurrently serving as employees.

There are currently four Directors (excluding Directors who are Audit and Supervisory Committee Members) (of which one is an Outside Director). If Proposal No. 1 “Approval of Absorption-type Merger Agreement” and Proposal No. 4 “Election of Three Directors (Excluding Directors Who are Audit and Supervisory Committee Members)” are approved as originally proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be six on the effective date of the Merger (scheduled for April 1, 2019).

The revision of remuneration amount for Directors (excluding Directors who are Audit and Supervisory Committee Members) can only take effect after the approval and adoption of Proposal No. 1 “Approval of Absorption-type Merger Agreement” as originally proposed, and subject to the effectuation of the Merger, on the effective date (scheduled for April 1, 2019).

The Audit and Supervisory Committee have expressed the opinion that this proposal is appropriate.

(Note) Mr. Eisaburo Iwamoto is currently a Director (Outside Director) of the Company, and he will retire from office on the effective date of the Merger (scheduled for April 1, 2019), subject to the effectuation of the Merger as a condition precedent.

[Reference: Criteria for determining independence]

In cases in which the Company determines that an Outside Director or a candidate for Outside Director does not fall into any of the following categories, it considers the Outside Director or candidate for Outside Director to have independence from the Company.

1. Person who is a business executive^{*1} of the Company or of an affiliate of the Company (collectively, “the Group”), or who has within the past 10 years been a business executive of the Group;
2. Major customer of the Group^{*2}, or business executive of the same;
3. Person for whom the Group is a major customer^{*3}, or business executive of the same;
4. Major lender of the Group^{*4}, or business executive of the same;
5. Shareholder, or business executive of the same, who hold 10% or more of the total voting rights of the Company, either directly or indirectly;
6. Business executive of companies of which 10% or more of the total voting rights are held by the Group, either directly or indirectly;
7. Person belonging to audit corporation that is a Financial Auditor to the Company or to consolidated subsidiaries of the Company;
8. Person such as consultant, certified public accountant, lawyer, etc. that offer specialist services and receive large sums^{*5} of money or other assets, excluding officer’s remuneration, from the Group (in cases where the person receiving said assets is a corporate, a union or other organization, a person belonging to said organization);
9. Person receiving large sums of money in donations or subsidies from the Group (in cases where the person receiving said donations or subsidies is a corporate, a union or other organization, operating officer belonging to said organization);
10. Business executive of companies at which business executive of the Group serve as Outside Director or Outside Auditor
11. Person falling into any of categories 2 to 8 within the past 3 years; and,
12. In cases where a person falling into any of categories 1 to 8 or 11 is a significant person^{*6}, the spouse of that person and their relatives up to the second degree of kinship.

*1: “Business executive” shall mean an Executive Director, Operating Officer or Executive Officer, or any other person or employee, of a corporation or other organization.

*2: “Major customer of the Group” shall mean a person who has paid an amount equivalent to 2% or more of the Company’s annual consolidated net sales to the Group in the most recent business year.

*3: “Person for whom the Group is a major customer” shall mean a person that has received an amount equivalent to 2% or more of their annual consolidated net sales from the Group in the most recent business year.

*4: “Major lender of the Group” shall mean a person who has provided financing equivalent to 2% or more of the consolidated total assets of the Group at the end of the most recent business year.

*5: “Large sums” shall mean 10 million yen or more annually in the case of an individual, and 2% or more of annual consolidated net sales or total income in the case of an organization, such as a corporation or a union.

*6: “Significant person” shall mean a member of upper management, such as an Executive Director, Operating Officer, Executive Officer or General Manager, and in the case of organizations other than companies, persons belonging to said organization.