

16 November 2015

To whom it may concern

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Announcement Regarding Third-party New Share Allotment

Our business has been growing year by year and we are blessed with a number of promising investment opportunities. In order to generate growth fund for our existing businesses and acquire new business opportunities, we resolved to issue new shares by third-party allotment at the board of directors held on 16 November 2015 at 8:30 AM. The said fund will establish a robust financial base to generate and accelerate our further business growth. So that, we will be able to speed up and concentrate on expanding our business.

Especially by this fundraising, our main purpose is to exercise the warrant (GL-W3) issued by our important SET-listed subsidiary in Thailand, Group Lease Public Company which is held by us; to convert into shares. The GL-W3 is the right to acquire GL stock at 10 THB while the closing price for GL share as of November 16 is 18.4 THB.

We would like to explain the above matters.

1. Purpose and reason for offering

We formulated the mid-term management plan "ACCELERATION PLAN 2012" on June 2012 to make a break with the old management and set up a milestone for new growth. Since then, our existing business has been honed to ultimate level of efficiency and management policies aiming persistent growth has been adopted. In June 2015, we announced our newly evolved mid-term management plan "ACCELERATION PLAN 2015 2nd GEAR 'Speed-up'" (hereinafter called "the mid-term management plan"). Following the current policies, we target to achieve consolidated sales of 37 billion JPY and consolidated net profits of 3 billion by the period ending September 2018 by ensuring "management without possession"* and expanding our business mainly in ASEAN region.

(For the details of "ACCELERATION PLAN 2015 2nd GEAR 'Speed-up'", refer to:
http://www.wedge-hd.com/cms_v2/assets/files/IR/NEWS/2015/i20150615.pdf (in Japanese))

* "Management without possession": Management that chooses measures of possessing the

minimum property and implement fast and speedy business development

* "Unrealized net assets": Calculated by adding unrealized profit (market value – book value) from holding listed subsidiaries' securities to the amount of net assets on balance sheet

In order to achieve the above target numbers described in the mid-term management plan by the period ending September 2018, we have to invest appropriately in finance business, entertainment business, and resort business respectively when investment opportunities appear, and to speed up our business development throughout Asia.

Therefore, we had judged that fundraising is necessary for the further mid- to long-term company growth.

2. Time for fundraising

For over the last few years, we had been seeking for method of fundraising for the above business investment.

On the other hand, our SET-listed consolidated subsidiary, Group Lease Public Company Limited (hereinafter called "GL") that accounts for 80% of our consolidated sales has steadily expanded their finance business since 1986 and entered into Cambodia aiming expansion throughout ASEAN since 2012. GL has started business in Laos in 2015 and has decided to enter into Indonesia as a next market.

The financial business is not only extremely good profit-making business but also promising huge potential in ASEAN region in its background; therefore, we have high expectation for its future development. Meanwhile, GL issued the warrant (GL-W3) for capital increase through shareholder allotment to all its shareholders in 2013, and our group subsidiary subscribed for the warrant in accordance with its holding ratio of GL share at that time. Payment date of the said warrant was set to the end of November 2015.

Considering future prospects of the finance business and high contribution on our current consolidated financial results, we have judged that exercising the warrant is valuable investment. Therefore, fundraising within exercise period of the said warrant (GL-W3) will bring the highest benefit to all of our shareholders.

Accordingly, we had judged that the best time for fundraising to contribute all shareholders is by the end of November 2015 before expiring the warrant.

3. Fundraising method

Upon exercising the above fundraising, we examined (1) capital increase through shareholder allotment, (2) debt, (3) third-party allotment of new shares, etc.

Since finance business is one of the most important business in our group, we believe that increase of our control rights over our finance business will commonly benefit all of our shareholders and if our control right reduces, this will affect common benefit of our shareholders. Based on this major premise, we consider that the appropriate fundraising method has to fulfill all of the following conditions.

- a. Able to raise enough funds to invest all of our businesses

- b. Meet the deadline of exercise date of warrants issued by one of the most important business in our group - our finance business subsidiary
- c. Prevent pressure on profit by reducing fundraising cost as much as possible
- d. Match our investment philosophy to develop business in super long-term view as "Life Time Investment" especially in case of subsidiary shares by business investment

We would like to explain briefly results of our investigation for the major fundraising candidates based on the above conditions.

(1) Capital increase through shareholder allotment

- a. There is possibility not to acquire enough funds.
- b. It takes extremely long time to execute because of current structure of Japanese stock market that gives very difficult system for this method.
- c. It is expected to incur high fundraising cost, and it is difficult to reduce this cost.
- d. It contributes our long-term financial stability thanks to more equity capital added. If it is implemented, our business development in super long-term will be realized.

(2) Debt

- a. GL market capitalization largely exceeds our market capitalization and net profits. Thus, there might be no lender found, or acquisition of enough funds might be difficult.
- b. It takes relatively short time for fundraising.
- c. It costs us long-term and huge interest.
- d. Excessive debts will worsen our financial situation, thus makes us difficult to manage stably in super long-term. It does not match the philosophy "Life Time Investment" because we need to repay in up to maximum five years or so.

(3) Third-party allotment of shares

- a. It requires to find investors for allotment to acquire enough funds.
- b. It requires a certain period for necessary careful consideration such as protecting minority stockholder.
- c. Long-term interest burden is not required. It only costs us relatively low for short-term.
- d. It contributes our long-term financial stability thanks to more equity capital added. If it is implemented, our business development in super long-term will be realized.

We found the above advantages and disadvantages for each fundraising method.

While we have discussed feasibility for each method including selection of undertaking partner, our parent company SHOWA Holdings Co., Ltd. (Tokyo Stock Exchange Second Section 5103) gave its approval to our business policy and accepted to offer funds regardless of a large acceptance of approximately 4 billion yen. Moreover, SHOWA Holdings approved to meet our early fundraising request of temporarily borrowing and reduce the finance cost by converting into share in the future.

Thus, while the method (1) is practically impossible, we are now able to combine two advantages of time saving in the method (2) and low fundraising cost in the method (3) to come up with DES and issue share option structure. Thereby, we have decided that the way increasing capital noticed in this announcement is the best method with consideration of our shareholders' benefits.

4. Use of funds

Funds will be used for expansion of the existing businesses that are largely allocated to finance business, entertainment business, and resort business. We also currently have extremely positive investment opportunities and we can expect more in the future. We will also implement "Life Time Investment" including investment in our subsidiaries.

In August, we already exercised GL warrants (GL-W3) issued by our invested company which operates finance business, and we are planning to acquire additional shares in this company. The said GL warrant (GL-W3) are the right to acquire one share for 10 THB, and our subsidiary will acquire GL share for 10 THB.

The closing price for the said GL share as of 16 November 2015 is 18.40 THB.

We will actively continue our investment for other businesses to achieve steady and discontinuous growth. Our management team and our subsidiaries' management teams firmly believe that acquisition of the growth funds this time and business investment will contribute to our company's business expansion and maximization of benefits of all our shareholders.

5. Outline of raising

(1) Outline of new share issuance

1	Payment date	Thursday, 3 December 2015
2	Number of new share issued	7,768,000 Ordinary shares
3	Issue price	495 JPY
4	Amount of procurement funds	3,845,160,000 JPY (Roughly estimated after-tax amount: 3,835,160,000 JPY) The payment to above amount shall be made by contribution in kind method
5	Offering and allotment method (planned allottee)	Third-party allotment (SHOWA Holdings Co., Ltd.: 7,768,000 shares)
6	Others	Each item above is conditional to the notification coming into effect as per the Financial Instruments and Exchange Act.

(2) Outline of share option issuance

1	Allotment date	Thursday, 3 December 2015
2	Total number of share option	3,430 units (100 shares per one share option unit)
3	Issue price	486 JPY per one share option (Procurement amount by issuance: 1,666,980 JPY)
4	Number of potential shares after issuance	343,000 shares
5	Amount of procurement funds	171,451,980 JPY (Roughly estimated after-tax amount: 161,451,980 JPY) (Procurement amount by share option issuance:

		1,666,980 JPY) (Procurement amount by exercising share option: 169,785,000 JPY)
6	Exercise price	495 JPY
7	Offering and allotment method (planned allottee)	Third-party allotment (SHOWA Holdings Co., Ltd.: 3,430 units)
8	Others	This is conditional to the notification coming into effect as per the Financial Instruments and Exchange Act. <ul style="list-style-type: none"> • Acquisition condition At any time after 6 months from the allotment date of the share option, acquisition of the share option and acquisition date of share option (hereinafter called "acquisition date") can be resolved at the board of directors. After resolved at the board of directors, all or part of the share option remained at the acquisition date can be acquired by noticing the acquisition date to the holders of the share option subject to be acquired no later than 14 days prior to the acquisition date. In this case, price per one unit of the share option is the same price as payment value per one unit of the share option.

Thank you.