

Showa Holdings Co., Ltd.
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**Progress Report: Notice about Our Opinion
Regarding the Timely Disclosure by J Trust Co., Ltd.**

As we have reported, J TRUST ASIA PTE. LTD. (hereinafter referred to as “JTA”) that is a subsidiary of J Trust Co., Ltd. (hereinafter referred to as “J Trust”), which is a company listed with second section of the Tokyo Stock Exchange, has made an overture to our subsidiary Group Lease Public Company Limited (hereinafter referred to as “GL”) for cancellation of the investment agreements on the issue of convertible debentures amounting to USD 180 million and demand for the immediate repayment. Although the requirements for JTA’s claims regarding cancellation of the investment agreements and early reimbursement of the convertible debenture have not met, GL has contacted to JTA with sincere response towards amicable settlement.

However, as of 12 January 2018, J Trust released the announcement titled “Acknowledge for the Current Situation on Group Lease PCL and Our View on the Future Direction (continuous disclosure)” (hereinafter referred to as “the Timely Disclosure”), and hence we here announce our opinions as follows.

1. Our recognition of fact regarding the Timely Disclosure by J Trust

(1) In the Timely Disclosure, it is described that in Thailand “JTA filed a civil complaint to claim compensation for the damages against GL, relevant directors of GL and Mr. Mitsuji Konoshita, and then filed the petition for the reorganization of GL.” However, GL has not received a complaint and grasped the details of petition, and therefore, the details are unknown, except that there is no fulfilled requirement to apply the petition for the reorganization of GL in Thailand.

(2) In the Timely Disclosure, it is described that “In Singapore, JTA commenced an action against Group Lease Holdings Pte. Ltd., the subsidiary of GL incorporated in Singapore, Mr. Mitsuji Konoshita, as well as Cougar Pacific Pte Ltd (incorporated in Singapore) and Aref Holdings Limited, Adalene Limited, Bellaven Limited, and Baguera Limited (all of which are incorporated in Cyprus).” Although we could confirm the said facts, the subsidiary of GL and other related companies do not have any reason to accept the requirements and our group will absolutely deny them.

(3) In the Timely Disclosure, it is described that in Singapore “JTA also obtained an (asset freeze) injunction against Group Lease Holdings Pte. Ltd., Mr. Mitsuji Konoshita and Cougar Pacific Pte Ltd.” Based on our confirmation on the said fact, “an (asset freeze) injunction” written in the Timely Disclosure is a procedure called “Mareva Injunction” in Singapore and we consider that it is accurate to accept it as “an order of provisional disposition for safeguarding of assets.” The purpose of the following explanation is to inform

its details properly.

Under the “(asset freeze) injunction” noted in the Timely Disclosure, expenditure for normal business operation as well as asset sales, investment, and loan are allowed, which is different from a situation under provisional seizure and the like in Japan. For that reason, the “injunction” does not affect the current business operation of our subsidiary. This can be regarded as a description to induce misunderstandings such as unavailability of all assets, and acquisition or possessory rights for all or part of assets by J Trust although the fact is totally different. Specifically, the said “injunction” bans illegal asset concealment and imposes duties including report to a court after movement of assets and the like.

While some formal lawsuits will be filed in the future, GLH does not have any relationship of debts and credits with J Trust and it is regarded as a kind of vexatious suits to be appropriately managed.

(4) In the Timely Disclosure, it is described that “In British Virgin Islands, JTA obtained an injunction over A.P.F. Group Co. Ltd and Mr. Mitsuji Konoshita.” However, our parent company A.P.F. Group Co., Ltd. and Mr. Mitsuji Konoshita commented that there is no reason for the request, based on the opinion by their lawyer in British Virgin Island, and they will absolutely deny it. Our group also believes that this is an unreasonable lawsuit because the reason for A.P.F. Group Co., Ltd., which is not related to procedure by Thai Securities and Exchange Commission, to be a defendant is completely unknown.

2. Future countermeasures based on our opinion

As a result of verifying the Timely Disclosure, opinions from our group are as follows.

Regarding the description of the Timely Disclosure, we could not see any information other than the fact that J Trust and the other related organizations took an action within the range of what they could do without waiting for our objection. Even based on detailed verification of the description, what they did are just “to claim” and to obtain “an injunction.” These actions should not be eventually concluded without assertions proven by J Trust themselves as receiving arguments from us in formal lawsuits, and these issues are currently nowhere near a final conclusion. They also do not disrupt our current business operation.

Because we cannot understand the assertions of J Trust, etc., it is impossible to tell our opinion for each issue at this time. In any case, it is what should be discussed in formal lawsuits for the future, and we will have enough opportunities to offer a counterargument there. We will explain our group’s legitimacy for each issue. By winning these cases one by one, we could offer an official and best opportunity for our group’s stakeholders to eliminate their doubts and anxieties. We have a strong conviction about our group’s asset quality and strength in business scheme as well as their legalities and will refute based on this conviction.

As soon as GL and other related companies receive a complaint or the like and description of lawsuit is known, we will announce them in accordance with rules on timely disclosure.

To all persons concerned including our shareholders and investors, we would like to express our sincerest apology for causing a significant inconvenience and anxiety. We will pay further attention to our behavior and promise to achieve our best for improvement in shareholder value. We would very much appreciate your further understanding for this matter.

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