
MATERIAL SHAREHOLDERS' MATTERS UNDER JAPANESE LAW

Our Company was incorporated as a stock company (*kabushiki-gaisha* 株式会社) in Japan under the Companies Act and our principal business activities are conducted in Japan. Our Company is therefore subject to the Companies Act and other applicable laws and regulations in Japan. The laws of Hong Kong differ in certain material respects from Japanese law. This section is a summary of certain Japanese law, relating to the ownership and transfer of Shares, corporate law, Shareholder rights and obligations, dividends and applicable withholding taxes and foreign exchange controls, which, in the opinion of our Directors, are sufficiently material to bring to the attention of our Shareholders. **Prospective investors are advised to consult with their licensed securities dealer, registered securities institution, bank manager, solicitor, professional accountant or other professional adviser if they have any doubt as to any aspect of this section.**

We provide below an overview of the key Shareholders' matters under Japanese law relevant to investing in our Company. This overview should be read in conjunction with the fuller discussion of these matters provided below and elsewhere in this Prospectus:

(1) There are significant risks associated with physical possession of Share certificates

- Shareholders who elect to physically possess (either personally or through a third party on their behalf) our Share certificates run the risk of an unauthorised third party coming into possession of such Share certificates and requiring our Company in a Japanese court to register him/her as a Shareholder in our share register.
- Shareholders whose Share certificates are lost or destroyed may need to assert their title in a Japanese court against an unauthorised third party.
- CCASS Beneficial Owners are not subject to the risks associated with physical possession of Share certificates. Potential investors who choose to hold the Shares in their own names and outside CCASS are strongly recommended to surrender their Share certificates to our Company or otherwise safe-keep their unsurrendered Share certificates at all times.

(2) It generally takes up to six business days for our Share Registrar to process a re-issue of new Share certificates substituting surrendered Share certificates

- During the six business day waiting period, Shareholders may not be able to transfer, dispose of, or deposit into CCASS, their Shares.
- Settlement on a T+2 basis may not be possible until a new Share certificate has been re-issued upon the expiration of the six business day waiting period.
- Successful applicants of the Hong Kong Public Offering may not be able to dispose of their allotted Offer Shares shortly after the Listing if their Share certificates are surrendered.

(3) A Shareholder who loses his Share certificate will be subject to limitations on his rights as a Shareholder

- If a Shareholder loses his physical Share certificate, he will be subject to a one-year waiting period during which time he will be unable to transfer his Shares.
- During the one-year waiting period, any dividends, if declared, will be paid to the record Shareholder, and all rights associated with the Shares will generally remain with the record Shareholder.
- The procedures for replacement of lost or destroyed Share certificates adopted by our Company differ from those under section 71A of the Companies Ordinance.

(4) We are required under Japanese law to withhold tax prior to paying dividends

- In general, Shareholders interested in less than 3% of all the issued Shares of our Company who are neither Japanese residents nor Japanese corporations are subject to a withholding tax of 7% and 7.147% for dividends paid and due on or before 31 December 2012 and 31 December 2013, respectively.
- CCASS Beneficial Owners are subject to the highest possible withholding tax rate of approximately 20% regardless of their tax residence, and will have to undertake a tax refund procedure to claim the tax withheld in excess upon receipt of their dividend payments. There may be delays in obtaining this refund.
- Physical application forms for tax refund in Japanese and English, including an unofficial Chinese translation of the instructions for completing the application form, will be made available at our Company's principal place of business in Hong Kong and our Share Registrar. Our Company will announce to our Shareholders on each occasion these application forms become available.

(5) Dividends may be paid in either Hong Kong dollars or Japanese yen

- Shareholders who register in their own names (instead of through CCASS) may elect to receive their dividends in Hong Kong dollars or Japanese yen.
- Shareholders who elect to receive dividends in Japanese yen must supply to us their bank account details in Japan and such bank must be a member of The Japanese Bankers Currency Exchange Institution.
- CCASS Beneficial Owners may only receive dividends in Hong Kong dollars.

(6) Foreign exchange reporting requirements

- Foreign Investors (as defined below) are required to make pre-investment or post-investment reporting filings under certain limited circumstances as set out under “— Foreign exchange control — Notification to The Bank of Japan”.
- Failure to make such reporting filings when required may result in imprisonment of up to three years or a fine of up to ¥1 million.

(7) You may face difficulties in effecting service of process against us

- Our Company and our business operations are subject to Japanese law. Our Directors and Executive Officers mostly reside in Japan with their assets located therein. You may face difficulties in establishing a claim against our Company or our Directors or Executive Officers in a court other than Japan's.

(8) On-going investor education

- Investors are advised to refer to our website at www.dyjh.co.jp which contains updated information on key Shareholders' matters under Japanese law.

(9) Procedures to be registered as a Shareholder of our Company

- Any person who wishes to be registered as a Shareholder in our share register must comply with the following requirements under the Stamp Duty Ordinance:

Any person who effects any sale and purchase of our Shares as principal or agent shall, in general:

- (i) make and execute a contract note and cause the same to be stamped by, and the corresponding stamp duty be paid to, the Inland Revenue Department; and*
- (ii) cause an endorsement to be made on the instrument of transfer of the Shares in our Company, or cause a stamp certificate to be issued in respect of such instrument, to the effect that the stamp duty has been paid on the contract note in (i) above.*

SHARE CERTIFICATES

Issuing Share certificates

Under the Companies Act, companies incorporated in Japan are categorised into two types in accordance with their share certificate arrangements: share certificate issuing companies (*kabuken hakkou gaisha* 株券発行会社) and non-share certificate issuing companies (*kabuken fuhakkou gaisha* 株券不発行会社). Companies are required under the Companies Act to specify which type they belong to in their articles of incorporation. Our Company is, as provided under our Articles of Incorporation, a share certificate issuing company (*kabuken hakkou gaisha* 株券発行会社). Share certificates will be issued with respect to the Shares.

Share certificate issuing companies

A share certificate issuing company has the following features:

- (i) where the shares are freely transferable, issue of share certificates is mandatory;
- (ii) where the transfer of shares is subject to certain restrictions or limitations (such as shareholder or board approval), issue of share certificates is optional;

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- (iii) where share certificates are issued, shares in a share certificate issuing company must be held in certificated form; and
- (iv) notwithstanding (iii) above, shareholders may opt to surrender their share certificates to the issuing company in which case such shareholders will be holding the relevant shares without physically possessing a share certificate. However, this surrender arrangement is not equivalent to the concept of scripless shares as new share certificate must be re-issued before such shareholders may dispose of or transfer the relevant shares.

Non-share certificate issuing companies

Shares in non-share certificate issuing companies must be held in scripless form.

Under the Companies Act, a share certificate issuing company may convert itself into a non-share certificate issuing company, or *vice versa*, by amending its articles of incorporation, which requires shareholders' approval in the form of a special resolution.

Our Share certificates arrangements

Our Company is a share certificate issuing company. However, as transfers of Shares were previously subject to our Board's approval, we previously opted not to issue Share certificates and no Share certificates had been issued as at the date of this Prospectus.

The Board approval requirement was lifted upon the submission of our application for the Listing in January 2012 and we intend to issue Share certificates to all existing Shareholders immediately prior to the Listing and to continue to issue Share certificates in respect of any new Shares issued following the Listing.

There are certain issues with respect to the possession of physical Share certificates under Japanese law. For further details please see "— Ownership of Shares" and "— Lost/destroyed Share certificates" in this section below. **CCASS Beneficial Owners are not subject to the risks associated with physical possession of Share certificates. Potential investors who choose to hold the Shares in their own names and outside CCASS are strongly recommended to surrender their Share certificates to our Company or otherwise safe-keep their unsurrendered Share certificates at all times.**

OWNERSHIP OF SHARES

The Japanese law provisions regarding the ownership of, and the title to, the Shares are significantly different from those under the laws of Hong Kong and other similar jurisdictions.

General provisions under Japanese law

Generally speaking, Japanese law recognises a bearer of a share certificate as the legal and beneficial owner of the shares represented by such share certificate, whether or not that person's name appears on such share certificate. It is generally possible for the title to the shares of a Japanese company to be transferred by mere physical delivery of Share certificates evidencing such shares, without the transferor or transferee signing any document evidencing such transfer. A transferee that acquired such share certificate from the transferor would obtain valid title to the relevant shares provided that he/she had no knowledge of any defect in the transferor's title and was not grossly negligent in not discovering such defect.

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Because no person shall be entitled to shareholders' rights such as voting rights and rights to receive dividends unless his/her name appears in the relevant share register, the title of a transferee will not be perfect unless and until he/she is registered as a shareholder in such share register. Unless they have *reasonable grounds* not to do so, Japanese companies are generally required to register bearers of share certificates as a shareholder in their respective share registers unconditionally. As advised by our Japan Legal Adviser, such *reasonable grounds* may include non-compliance with applicable laws and regulations.

Exceptional circumstances of our Company

Our Company is considered as an exceptional case as the Shares are expected to be listed on the Stock Exchange. The Shares will be considered as *Hong Kong stock* under the Stamp Duty Ordinance upon the Listing, transfers of the Shares will therefore be subject to, in addition to Japanese law, the Listing Rules and the Stamp Duty Ordinance. Accordingly, our Share transfer procedures deviate from the general provisions under Japanese law as described in the preceding sub-section.

Upon the Listing, we will issue Share certificates in registered form with the names and addresses of the Shareholders imprinted thereon. We will not register a bearer of a Share certificate whose name does not appear on the relevant Share certificate as a Shareholder in our share register unless and until he/she is able to present an instrument of transfer and/or a contract note duly stamped and executed by such bearer (as transferee) and the original Shareholder whose name appears on the relevant Share certificate and our share register (as transferor), as required under the Stamp Duty Ordinance. See “— Transfer of Shares — Shareholders holding in their own names and outside CCASS — Stamp Duty Ordinance requirements” in this section below for detailed documentary and stamping requirements under the Stamp Duty Ordinance. **No person will be registered as a Shareholder (and hence become entitled to rights associated therewith) unless a duly stamped and executed instrument of transfer and/or contract note is presented to us.** See “— Transfer of Shares” in this section below for the details of our Share transfer procedures.

Since the Listing will be the first primary listing of a Japanese company on the Stock Exchange, the procedures outlined in the preceding paragraph are untested in a Japanese court. Due to the absence of a relevant Japanese court precedent, it may be possible for a Shareholder to initiate legal proceedings in respect of our Share transfer procedures. Our Directors, however, believe that the likelihood of such legal proceedings arising is limited, given that:

- (i) our Japan Legal Adviser has confirmed that our Shareholders' obligations to comply with the Stamp Duty Ordinance are likely to be upheld in a Japanese court as a reasonable ground to reject a transfer applicant who failed to fulfil such obligations;*
- (ii) as in the case of most companies listed on the Stock Exchange, it is expected that a substantial majority of our potential investors will choose to hold their investments through CCASS;*
- (iii) successful placees of the International Placing, which takes up 90% of the total number of Offer Shares (subject to adjustments), will hold their investments through CCASS;*
- (iv) all existing Shareholders of our Company, who collectively will be interested in approximately 84.9% of our entire issued share capital upon the completion of the Global Offering, will have surrendered their Share certificates to our Company prior to the Listing; and*

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- (v) *potential investors are strongly advised throughout this Prospectus and will be advised in our annual reports and through our website at www.dyjh.co.jp to either (a) surrender their Share certificates; or (b) safe-keep their Share certificates at all times. CCASS Beneficial Owners are not subject to the risks associated with physical possession of Share certificates.*

If there is a successful challenge by way of a valid Japan court order against our current Share transfer procedures, our Directors currently consider that our Company may under such circumstances appoint a registrar in Japan to handle the transfers of Shares that are lodged in Japan as a measure to address the Hong Kong stamp duty and other related issues that may arise as a result of the said Japan court order.

In the remote event that our Company is prompted to appoint a share registrar in Japan, our Company will publish a voluntary announcement on the Stock Exchange's website and our website at www.dyjh.co.jp in respect of all relevant details, processes and arrangements relating to the share registrar in Japan (where appointed).

As a long term solution, our Directors currently intend to, subject to compliance with laws and regulations in both Japan and Hong Kong (including but not limited to the operational procedures and general rules of CCASS), convert our Company into a non-share certificate issuing company as soon as reasonably practicable after a scripless operational model has been introduced on the Stock Exchange. Under a scripless model, all of our Share certificates would be rendered void and transfers of the Shares would be effected through a scripless system operated by the Stock Exchange. Accordingly, no bearer of our Share certificate would be registered as a Shareholder and all risks associated with physical possession of Share certificates would not apply.

Safe-keeping your Share certificates

Potential investors who elect to physically possess (either personally or through a third party on their behalf) our Share certificates run the risks of an unauthorised third party coming into possession of such Share certificates and requiring our Company in a Japanese court to register him/her as a Shareholder in our share register. If a Shareholder loses his/her Share certificate, it may also become necessary to assert his/her title in court. See “— Lost/destroyed Share certificates”.

In light of these risks, we do not recommend potential investors to physically possess our Share certificates. **CCASS Beneficial Owners are not subject to the risks associated with physical possession of Share certificates. Potential investors who choose to hold the Shares in their own names and outside CCASS are strongly recommended to surrender their Share certificates to our Company or otherwise safe-keep their unsurrendered Share certificates at all times.**

Holding your investments through CCASS

Potential investors wishing to hold their investments through CCASS should apply by completing the **YELLOW** Application Form or by giving electronic application instructions to HKSCC via CCASS, in which case no Share certificate will be issued or delivered to them. Instead, Share certificates will be issued in the name of, and delivered to, HKSCC Nominees. CCASS Beneficial Owners will not physically possess the Share certificates, and will not be subject to the risks associated therewith.

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CCASS Beneficial Owners will not be recognised as Shareholders under the Companies Act and the entitlement of the economic benefits and Shareholders' rights associated with their investments will depend on their respective arrangements with CCASS and/or their respective securities brokers, as well as the procedures and operational rules of CCASS. Potential investors should also note that the withholding tax treatment applicable to the dividends ultimately payable to CCASS Beneficial Owners are different from those applicable to our Shareholders who hold in their own names (and outside CCASS). See "Dividends — Japanese withholding tax for dividend payments" in this section below for further details.

Surrendering your Share certificates

Where a Shareholder elects to surrender his/her Share certificate to our Company, such Share certificate will be cancelled, destroyed and rendered void. It will be reflected on our share register that such Shareholder is the legal owner of, and that no Share certificate exists in respect of, the relevant Shares. Such Shareholder will not physically possess the Share certificate, and will not be subject to the risks associated therewith. New Share certificates substituting the surrendered Share certificates must be re-issued before a Shareholder may dispose of or transfer the relevant Shares, or deposit these Shares into CCASS.

Potential investors wishing to hold Shares in their own names (and outside CCASS) are strongly advised to surrender their Share certificates.

Eligibility of Share certificate surrender

Any Shareholder whose name appears on our share register and is imprinted on the relevant Share certificate may surrender a Share certificate with their name imprinted thereon. Bearers of our Share certificates wishing to surrender such Share certificates must first register themselves as a Shareholder in our share register, in accordance with the requirements and procedures set out in "— Transfer of Shares" in this section below, including the requirements under the Stamp Duty Ordinance.

Procedures for Share certificate surrender

A Shareholder wishing to surrender his/her Share certificate to our Company must apply by submitting the following documents to the Share Registrar:

- Share certificate with his/her name imprinted thereon;
- a completed and duly signed Share certificate surrender form;
- specimen signature of such Shareholder (in case of individual Shareholders) or authorised corporate representative (in case of corporate Shareholders); and
- identity proof.

Shareholders may apply at the office of the Share Registrar at Shops 1712–1716, 17/F Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong during normal business hours in Hong Kong. No fee will be charged for Share certificate surrender.

Share certificates surrendered to our Company through the Share Registrar will be acknowledged with a written receipt. Shareholders wishing to check or verify the record of their shareholdings may request to inspect and/or print a copy of the share register of our Company in person at the Share Registrar. See "— Share register — Inspection of the Share register" for further information.

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Procedures for Share certificate re-issue

New Share certificates substituting surrendered Share certificates must be re-issued before a Shareholder may dispose of or transfer the relevant Shares or deposit these Shares into CCASS. A Shareholder wishing to have a new Share certificate re-issued may apply by submitting the following documents to the Share Registrar:

- a completed and duly signed Share certificate re-issue form, the signature on which must match the specimen signature submitted on surrender;
- identity proof.

Shareholders may apply at the office of the Share Registrar at Shops 1712–1716, 17/F Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong during normal business hours in Hong Kong. Shareholders will be charged a flat fee of HK\$3 per Share certificate for Share certificate re-issue.

Implications of Share certificate re-issue

According to Rule 13.59 of the Listing Rules, our Company or our Share Registrar must provide a standard registration service in accordance with Rule 13.60(1). Rule 13.60(1) provides that our Company shall (or shall procure our Share Registrar to) issue definitive certificates following a registration of a transfer or cancellation, division, consolidation or issue (otherwise than pursuant to Rule 13.50(5)) of certificates within ten business days of the receipt of a duly executed instrument of transfer or the relevant certificates. Our Share Registrar will re-issue Share certificates as soon as practicable but the process may be subject to a waiting period of up to six business days from the day of receipt of the requested documents set out above.

Shareholders wishing to surrender their Share certificates should note that **it generally takes a period of up to six business days for our Share Registrar to process a re-issue of new Share certificates substituting surrendered Share certificates, during which time the relevant Shareholders will be unable to dispose of or transfer the relevant Shares, or deposit such Shares into CCASS.**

In particular, dealings in the Shares on the Stock Exchange will customarily be effected on a T+2 basis, where the settlement date of a transaction (on which the ownership of the Shares is transferred and the transaction monies are paid) usually takes place two business days after the transaction date. Market intermediaries such as securities brokers would normally effect the settlement of transaction only upon a new Share certificate substituting the surrendered Share certificate having been re-issued. Hence, the unavailability of Share certificates during the waiting period of up to six business days may lead to settlement failure. It is the responsibility of the Shareholders to carefully formulate their investment schedule and ensure the availability of Share certificates for settlement purposes.

Shareholders must carefully evaluate their option to surrender their Share certificates, taking into account the waiting period for re-issue of Share certificates of up to six business days and their individual investment plans. See the risk factor headed "A Shareholder who has surrendered his Share certificate to our Company may be subject to a waiting period of up to six business days before a new Share certificate is re-issued" in this Prospectus below.

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Successful applicants of the Hong Kong Public Offering

Our Directors currently expect that, as in the case of most companies listed on the Stock Exchange, there will be a high volume of transactions in the Shares shortly following the Listing Date. To avoid potential problems stemming from illiquidity of the Shares, applicants for the Hong Kong Public Offering will not be offered an option to automatically surrender their Share certificates evidencing the Offer Shares, where successfully allotted, to our Company.

Successful applicants of the Hong Kong Public Offering wishing to surrender their Share certificates must apply through our Share Registrar immediately upon receipt of their Share certificates. Share certificates will be despatched via registered post.

Arrangements with HKSCC Nominees

If HKSCC Nominees, being the registered Shareholder of the Shares deposited into CCASS, elects to surrender to our Company part or all of the Share certificates, which it holds on behalf of CCASS Beneficial Owners, Shareholders who seek to withdraw their Shares from CCASS may have to wait for six business days before Share certificates are re-issued. HKSCC Nominees is not under any obligation, with respect to the Shares deposited into CCASS, to surrender any Share certificates to our Company.

TRANSFER OF SHARES

Shares in our Company are freely transferable. Transfers of our Shares are free from any restriction or limitations such as Board or Shareholder approval under our Articles of Incorporation. The effective date of any Share transfer will be the date when the transfer is reflected on our share register.

Under Japanese law, title to the Shares of a Japanese company can be transferred by mere physical delivery of Share certificates evidencing such Shares but such title will not be perfect unless and until the transferee registers himself/herself as a Shareholder in our share register. No person shall be entitled to Shareholders' rights such as voting rights and rights to receive dividends unless his/her name appears in the our share register. See "— Ownership of Shares" in this section above.

Any person who seeks to be registered as a Shareholder in our share register must follow the procedures set forth below.

Shareholders holding in their own names and outside CCASS

Applying through our Share Registrar

We encourage any person who seeks to be registered as a Shareholder in our share register to apply through our Share Registrar in Hong Kong. Applicants are required to present the following documents to our Share Registrar:

- Share certificates;
- duly executed and stamped transfer form printed on the back of the Share certificate or a prescribed standard transfer form; and
- specimen signature.

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The procedures and documentation required by our Share Registrar will generally be the same as those adopted by most companies listed on the Stock Exchange. All transfer forms and standard transfer forms must be signed by the applicant (as transferee) and the record Shareholder whose name appears on the relevant Share certificate and our share register (as transferor). See “— Stamp Duty Ordinance requirements” in this sub-section below.

Applications are accepted at the office of our Share Registrar at Shops 1712–1716, 17/F Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong during normal business hours in Hong Kong.

Applying through our Company's headquarters

Any person who applies to be registered as a Shareholder in our share register through our Company's headquarters must present the following documents to us:

- Share certificates;
- duly executed and stamped instrument of transfer and/or contract note as required under the Stamp Duty Ordinance; and
- specimen signature.

All instruments of transfer and/or contract notes must be signed by the applicant (as transferee) and the record Shareholder whose name appears on the relevant Share certificate and our share register (as transferor) as required under the Stamp Duty Ordinance. See “— Stamp Duty Ordinance requirements” in this sub-section below.

It is the responsibility of the applicant to contact the record Shareholder to obtain the requisite signature(s) before making an application to us. If an applicant cannot locate the record Shareholder to sign on the relevant instrument of transfer and/or contract note, or if the record Shareholder refuses to sign on the same, the relevant application will not be processed by our Company or Share Registrar. For multiple transfers, a separate instrument of transfer and/or contract note is required for each transfer.

Applications for registration are also accepted at our headquarters at 2-25-1-702, Nishi-Nippori, Arakawa-ku, Tokyo, Japan during normal business hours in Japan. Applications must be made in person. We will not accept applications for surrender and re-issue of Share certificates and/or registration for lost or destroyed Share certificates through our headquarters. Shareholders wishing to do so must apply through our Share Registrar.

Stamp Duty Ordinance requirements

Upon the Listing, we will only maintain one share register which will be situated in Hong Kong. All Shares in our share capital will be considered as *Hong Kong stock* under the Stamp Duty Ordinance and the transfer of such Shares will be subject to the stamping and documentary requirements thereunder. Accordingly, we will not register a bearer of our Share

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certificate as a Shareholder in our share register unless and until he/she is able to fulfil the following Stamp Duty Ordinance requirements:

Any person who effects any sale and purchase of our Shares as principal or agent shall, in general:

- (i) make and execute a contract note and cause the same to be stamped by, and the corresponding stamp duty be paid to, the Inland Revenue Department; and*
- (ii) cause an endorsement to be made on the instrument of transfer of the Shares in our Company, or cause a stamp certificate to be issued in respect of such instrument, to the effect that the stamp duty has been paid on the contract note in (i) above.*

These general requirements are subject to certain exceptions under the Stamp Duty Ordinance under limited circumstances. In particular, where a party to a transaction involving the Shares is not a resident in Hong Kong, the transferee (or its agent) will be solely liable for stamp duty payment and the relevant instrument (instead of the contract note) would be the only document required to be stamped. Potential investors are advised to consult their own professional advisers if in doubt.

No person will be registered as a Shareholder (and hence become entitled to rights associated therewith) unless a duly stamped and executed instrument of transfer and/or contract note is presented to us. Since the Listing will be the first primary listing of a Japanese company on the Stock Exchange, our requirement for bearers of our Share certificates to present a duly stamped and executed instrument of transfer and/or contract note before being registered as a Shareholder in our share register in compliance with the Stamp Duty Ordinance is untested in a Japanese court. Due to the absence of a relevant Japanese court precedent, it may be possible for a Shareholder to initiate legal proceedings in respect of our Share transfer procedures. Our Directors, however, believe that the likelihood of such legal proceedings arising is limited as our Japan Legal Adviser has confirmed that our Shareholders' obligations to comply with the Stamp Duty Ordinance are likely to be upheld in a Japanese court as a reasonable ground to reject a transfer applicant who failed to fulfil such obligations. See "—Ownership of Shares" in this section above for further details.

Where a bearer of a Share certificate attempts to initiate such legal proceedings against us, we will notify the relevant record Shareholder who may wish to join us in defending such legal proceedings as a means to assert his/her title. Notification will be made by writing to the Shareholder's address recorded in our share register. Shareholders are reminded to update their addresses with our Share Registrar as and when necessary. Due to the limited enforceability of foreign judgements under the Japanese legal system, all legal proceedings regarding title to the Shares should be brought in a Japanese court.

If there is a successful challenge by way of a valid Japan court order against our current Share transfer procedures, our Directors currently consider that our Company may under such circumstances appoint a registrar in Japan to handle the transfers of Shares that are lodged in Japan as a measure to address the Hong Kong stamp duty and/or other related issues that may arise as a result of the said Japan court order.

In the remote event that our Company is prompted to appoint a share registrar in Japan, our Company will publish a voluntary announcement on the Stock Exchange's website and our website at www.dyjh.co.jp in respect of all relevant details, processes and arrangements relating to the share registrar in Japan (where appointed).

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As a long term solution, our Directors currently intend to, subject to compliance with laws and regulations in both Japan and Hong Kong (including but not limited to the operational procedures and general rules of CCASS), convert our Company into a non-share certificate issuing company as soon as reasonably practicable after a scripless operational model has been introduced on the Stock Exchange. Under a scripless model, all of our Share certificates would be rendered void and transfer of the Shares would be effected through a scripless system maintained by the Stock Exchange. Accordingly, no bearer of the Share certificate would be registered as a Shareholder and all risks associated with physical possession of Share certificates would not apply.

In light of the risks described above, we do not recommend potential investors to physically possess our Share certificates. **CCASS Beneficial Owners are not subject to the risks associated with physical possession of Share certificates. Potential investors who choose to hold the Shares in their own names and outside CCASS are strongly recommended to surrender their Share certificates to our Company or otherwise safe-keep their unsurrendered Share certificates at all times.**

CCASS Beneficial Owners

Transfers of Shares deposited into CCASS are handled electronically by the CCASS Participants. CCASS Beneficial Owners should contact their respective securities brokers if they wish to transfer or dispose of their interests holding through CCASS.

LOST/DESTROYED SHARE CERTIFICATES

Procedures for replacement of lost or destroyed Share certificates adopted by our Company differ from those under section 71A of the Companies Ordinance and those adopted by most companies listed on the Stock Exchange.

There are significant risks associated with the loss or destruction of a Share certificate. Shareholders who lose their Share certificates run the risk of an unauthorised third party coming into possession of such Share certificates and requiring our Company in a Japanese court to register him/her as a Shareholder in our share register. **CCASS Beneficial Owners are not subject to the risks associated with physical possession of Share certificates. Potential investors who choose to hold the Shares in their own names and outside CCASS are strongly recommended to surrender their Share certificates to our Company or otherwise safe-keep their unsurrendered Share certificates at all times.**

Consequences for lost/destroyed Share certificates

Shareholders whose Share certificates are lost or destroyed are required to apply to register such certificates as lost or destroyed in our share register. Under the Companies Act, our Company may only issue a replacement Share certificate after **a waiting period of one calendar year**, commencing from the date on which the relevant lost/destroyed registration is recorded in our share register. The one-year waiting period is a statutory provision under the Companies Act and we are unable to shorten the same under any circumstance.

During the one-year waiting period, Shareholders' rights associated with a lost/destroyed Share certificate will be dealt with as follows:

- The person recorded as the Shareholder in our share register will be treated as the Shareholder under Japanese law.
- Dividends, if declared, will be paid to the record Shareholder.

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- No other person will be able to register as a Shareholder of the relevant Shares in our share register.
- Where a record Shareholder applies for lost/destroyed registration, he/she will be entitled to exercise all voting rights associated with the relevant Shares.
- Where an unregistered owner applies for the lost/destroyed registration by presenting a duly stamped and executed instrument of transfer and/or contract note, no one shall be entitled to exercise the relevant voting rights until (i) the expiration of the one-year waiting period; or (ii) the cancellation of the lost/destroyed registration due to the recovery of the lost Share certificate during the one-year period.

We are required under the Companies Act to cancel a lost/destroyed registration if the lost/destroyed Share certificate has been recovered and presented to our Share Registrar. See “— Cancellation of lost/destroyed registration” in this sub-section below.

General procedures for applying for a lost/destroyed registration

Shareholders whose Share certificates are lost or destroyed must immediately apply for a lost/destroyed registration through our Share Registrar. Applications are accepted during normal business hours in Hong Kong at Shops 1712–1716, 17/F Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong. Our Company’s headquarters in Japan will not accept applications for lost/destroyed registration.

The following procedures are not applicable to (i) Shareholders who have surrendered their Share certificates to our Company; and (ii) CCASS Beneficial Owners, because these two groups of investors do not physically possess Share certificates.

Procedures applicable to record Shareholders

Where the person applying for the lost/destroyed registration is the record Shareholder, he/she is required to submit the following documents to our Share Registrar:

- completed and signed lost/destroyed registration form, the signature on which must match the specimen signature on our Share Registrar’s record; and
- identity proof.

A replacement Share certificate will be issued after the one-year waiting period. However, no replacement Share certificate will be issued if the lost/destroyed registration is cancelled during the one-year waiting period. See “— Cancellation of lost/destroyed registration” in this sub-section below.

Procedures applicable to unregistered owners

An unregistered owner is a person who, prior to a Share certificate having been lost or destroyed, has acquired valid title over the relevant Shares without registering such acquisition in our share register before such loss or destruction. Under Japanese law, unregistered owners may also apply for a lost/destroyed registration. To prove his/her valid title, an unregistered owner is required to submit the following document to our Share Registrar:

- an instrument of transfer and/or contract note duly stamped and executed by the record Shareholder as the transferor and the unregistered owner as the transferee as required under the Stamp Duty Ordinance.

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In addition, the following documents must be submitted to our Share Registrar to update our share register:

- identity proof; and
- name, address and specimen signature.

Applications for lost/destroyed registration lodged by unregistered owners will not be accepted without a duly executed and stamped instrument of transfer and/or contract note as required under the Stamp Duty Ordinance. A replacement Share certificate will be issued in the name of the unregistered owner after the one-year waiting period if the documentary requirements set forth above have been fulfilled. However, no replacement Share certificate will be issued if the lost/destroyed registration is cancelled during the one-year waiting period. See “— Cancellation of lost/destroyed registration” in this sub-section below.

Upon receipt of an application for lost/destroyed registration from an unregistered owner, our Company is required under Japanese law to notify the record Shareholder of the relevant details so as to give the latter an opportunity to assert his/her title to the Shares. In case of misfeasance or misrepresentation, the record Shareholder may cancel the lost/destroyed registration during the one-year waiting period by presenting the relevant Share certificate (where available) to our Share Registrar or initiate legal proceedings. All notifications will be made in writing to the record Shareholder's registered address as recorded in our share register. Shareholders are advised to update their contact details with our Share Registrar as and when necessary.

Cancellation of lost/destroyed registration

If the applicant of the lost/destroyed registration (who shall be a record Shareholder or an unregistered owner, as the case may be) has recovered the lost Share certificate and presents it to our Share Registrar, we are required under the Companies Act to cancel such lost/destroyed registration on the same day. If a third party other than the applicant of the lost/destroyed registration has come into possession of the lost certificate and presents it to our Share Registrar, we are required under the Companies Act to cancel such lost/destroyed registration within two weeks. The recovered Share certificate will be returned to the applicant of the lost/destroyed registration in Scenario 1 below.

Consequences of cancelled lost/destroyed registrations

Where a lost/destroyed registration has been cancelled, no replacement of Share certificate will be issued to the applicant of the lost/destroyed Share certificate even after the one-year waiting period. The person recorded as the Shareholder in our share register will be treated as the Shareholder under Japanese law and Shareholders' rights associated with the relevant Shares will be dealt with accordingly.

Scenario 1: where the bearer does not intend to register as a Shareholder

Where the bearer who presents the recovered Share certificate to our Share Registrar does not intend to register himself/herself as a Shareholder, our Company will require such bearer to return (through our Share Registrar) the said Share certificate to the applicant of the lost/destroyed registration.

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Scenario 2: where the bearer intends to register as a Shareholder

Where the bearer who presents the recovered Share certificate to our Share Registrar intends to register himself/herself as a Shareholder in our share register and does not intend to return the said Share certificate to the applicant of the lost/destroyed registration, he/she will be required to present the following document to our Share Registrar:

- an instrument of transfer and/or contract note duly stamped and executed by the applicant of the lost/destroyed registration as the transferor and the bearer as the transferee as required under the Stamp Duty Ordinance.

In addition, the following documents must be submitted to our Share Registrar to update our share register:

- identity proof; and
- name, address and specimen signature.

We will not register the bearer as a Shareholder in our share register without a duly executed and stamped instrument of transfer and/or contract note as required under the Stamp Duty Ordinance.

It is the responsibility of the bearer to contact the applicant of the lost/destroyed registration to obtain the requisite signature(s) before making an application to us. If the bearer cannot locate the applicant of the lost/destroyed registration to sign on the relevant instrument of transfer and/or contract note, or if the applicant of the lost/destroyed registration refuses to sign on the same, the application will not be processed by our Share Registrar.

Our Share Registrar will notify the applicant of the lost/destroyed registration of the details of such bearer so as to give the former an opportunity to assert his/her title in court. The applicant of the lost/destroyed registration may apply to the court to re-instate the lost/destroyed registration and re-initiate the one-year waiting period, upon the expiration of which they will be able to transfer or dispose of the relevant Shares as they would normally be able to. Due to the limited enforceability of foreign judgements under the Japanese legal system, all legal proceedings regarding title to Shares should be brought in a Japanese court. All notifications to the record Shareholders will be made in writing to their registered address recorded in our share register. Shareholders are advised to update their contact details with our Share Registrar as and when necessary.

Our Directors consider both scenario 1 and scenario 2 above are unlikely to arise in practice, given that:

- (i) as in the case of most companies listed on the Stock Exchange, it is expected that a substantial majority of our potential investors will choose to hold their investments through CCASS;
- (ii) successful placees of the International Placing, which takes up 90% of the total number of Offer Shares (subject to adjustments), will hold their investments through CCASS;
- (iii) all existing Shareholders of our Company, who collectively will be interested in approximately 84.9% of our entire issued share capital upon the completion of the Global Offering, will have surrendered their Share certificates to our Company prior to the Listing; and

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- (iv) potential investors are strongly advised throughout this Prospectus and will be advised in our annual reports and through our website at www.dyjh.co.jp to either (a) surrender their Share certificates; or (b) safe-keep their Share certificates at all times. CCASS Beneficial Owners are not subject to the risks associated with physical possession of Share certificates.

Because of the listing status of the Shares, we are bound by Hong Kong law to request bearers of our Share certificates to present a duly stamped and executed instrument of transfer and/or contract note under scenario 2 above. This requirement is untested in a Japanese court and it may be possible for a bearer to initiate legal proceedings against us with respect to this requirement. Nevertheless, our Directors believe that the likelihood of such legal proceedings arising is limited as our Japan Legal Adviser has confirmed that our Shareholders' obligations to comply with the Stamp Duty Ordinance are likely to be upheld in a Japanese court as a reasonable ground to reject a bearer who failed to fulfil such obligations.

If there is a successful challenge by way of a valid Japan court order against our current lost/destroyed registration procedures, our Directors currently consider that our Company may under such circumstances appoint a registrar in Japan to handle the transfers of Shares that are lodged in Japan as a measure to address the Hong Kong stamp duty and/or other related issues that may arise as a result of the said Japan court order.

In the event that our Company is prompted to appoint a share registrar in Japan, our Company will publish a voluntary announcement on the Stock Exchange's website and our website at www.dyjh.co.jp in respect of all relevant details, processes and arrangements relating to the share registrar in Japan (where applicable).

As a long term solution, our Directors currently intend to, subject to compliance with laws and regulations in both Japan and Hong Kong (including but not limited to the operational procedures and general rules of CCASS), convert our Company into a non-share certificate issuing company as soon as reasonably practicable after a scripless operational model has been introduced on the Stock Exchange. Under a scripless model, all of our Share certificates would be rendered void and transfer of the Shares would be effected through a scripless system maintained by the Stock Exchange. Accordingly, no bearer of our Share certificate would be registered as a Shareholder and all risks associated with physical possession of Share certificates would not apply.

SHARE REGISTER

Entries on the share register

Our Japan Legal Adviser has confirmed that it is not mandatory under Japanese law for our Company to appoint a share registrar or transfer agent based in Japan. Accordingly, we have appointed our Share Registrar as our sole share registrar in Hong Kong. Our Share Registrar shall be responsible for the customary share registrar duties as required under the Listing Rules. The share register maintained by our Share Registrar in Hong Kong is the only share register of our Company as recognised under Japanese law.

The Companies Act does not recognise CCASS Beneficial Owners as legal owners of the Shares but will recognise HKSCC Nominees as the legal owner of the Shares. CCASS Beneficial Owners will have rights as beneficial owners of the relevant Shares pursuant to the laws, regulations and agreements that are applicable in Hong Kong.

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Inspection of the share register

Under the Companies Act, a Shareholder or creditor wishing to inspect our share register may request to do so in person at our Share Registrar's office during normal business hours. A printed copy of our share register may also be requested.

Our Share Registrar will require a Shareholder or creditor to complete a prescribed form setting out details of the Shareholder or creditor and the purpose of inspection. Our Share Registrar will then contact our Company and notify the Shareholder or creditor of our Company's decision within two business days and, if approved, our Share Registrar will notify the Shareholder or creditor of the date of the inspection. Other than applicable printing costs, no fee will be charged for the inspection.

The Companies Act allows our Company to refuse a request for inspection of our share register only under the following circumstances:

- (i) where a request is made for a purpose other than in relation to securing or exercising rights as a Shareholder or creditor;
- (ii) where a request is made for the purpose to interfere with our business operation or to damage the interests of Shareholders as a whole;
- (iii) where the person making a request is carrying on, or is engaged in, a business substantially in competition with our business;
- (iv) where a request is made to inform, in exchange for payment, a third party of any fact that could not have been obtained other than from an inspection (including copying); and
- (v) where a person making a request has informed, in exchange for payment, a third party of any fact that could not have been obtained other than from an inspection (including copying) during the last two years.

Any person who is not a Shareholder or creditor of our Company (including national and prefectural government agencies) may also, to the extent allowed under the Personal Data Act, inspect and obtain a copy of our share register. As advised by our Japan Legal Adviser, the inspection of our share register is allowed under the Personal Data Act if:

- (i) the inspection of the share register is based on laws and regulations;
- (ii) the inspection of the share register is necessary for the protection of the life, body, or property of an individual and if it is difficult to obtain the consent of the person who is the subject of the inquiry;
- (iii) the inspection of the share register is necessary for improving public health or promoting the sound growth of children and if it is difficult to obtain the consent of the person who is the subject of the inquiry; or
- (iv) the inspection of the share register is necessary for cooperating with a state organ, a local government, or an individual or a business operator entrusted by one in executing the affairs prescribed by laws and regulations and if obtaining the consent of the person who is the subject of the inquiry is likely to impede the execution of such affairs.

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CCASS Beneficial Owners are not recognised under the Companies Act as Shareholders of our Company. Hence, CCASS Beneficial Owners may not inspect our share register unless allowed under the Personal Data Act in the circumstances set out in (i) to (iv) above. CCASS Beneficial Owners who wish to avoid the restrictions under the Personal Data Act are advised to withdraw the relevant Shares from CCASS and re-register themselves as Shareholders in our share register.

Shareholders who have surrendered their Share certificates to our Company may make use of the inspection procedures described under this sub-section to check and verify their shareholding in our Company.

PLEDGE OF SHARES

The Companies Act permits a pledge to be created over a Share where there is agreement between the Shareholder and the pledgee and the Share certificate is delivered to the pledgee. A pledge needs not be recorded in the share register of our Company to be valid and enforceable between the Shareholder and pledgee, against third parties and our Company. However, a record of the existence of a pledge or other security interest (such as an assignment of beneficial interest, or *jouto tanpo* 讓渡担保) will facilitate a claim by the pledgee or security interest holder for payment of dividends or other deliverables in an enforcement scenario.

STAMP DUTY

Our Shares are considered as *Hong Kong stock* for the purpose of the Stamp Duty Ordinance. Dealings in the Shares in our Company are subject to Hong Kong stamp duty.

Japanese stamp duty

Share transfers do not attract stamp duty in Japan. However, issue of a new Share certificate in Japan would be subject to Japanese stamp duty (印紙税 *inshizei*) ranging from ¥200 to ¥20,000. Upon the Listing, all Share certificates of our Company will be issued by the Share Registrar in Hong Kong. Accordingly, no Japanese stamp duty is payable in connection with our new Share certificates.

DIVIDENDS

Record date for distributing dividends

The Articles of Incorporation of our Company provide that the annual record date for determining Shareholders entitled to receive dividends or other distributions, if declared by our Company, is 31 March (for year-end dividends) or 30 September (for interim dividends). If any dividend or distribution is declared by our Company, there is a substantial time gap between the date of payment of the relevant dividend or distribution and the record date for determining Shareholders entitled to receive dividends or other distributions. Shareholders who have acquired the Shares in our Company after 31 March (for year-end dividends) or 30 September (for interim dividends) each year may not be entitled to receive dividends or distributions for the same year.

Restrictions on dividend distributions

Our Company may declare and pay, in accordance with the Companies Act and our Articles of Incorporation, (i) interim cash dividends (declared at the end of the second quarter of a financial year) with the approval of our Board of Directors and (ii) other dividends (including year-end dividends) with the approval of our Board of Directors (unless such dividend is

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proposed to be paid in kind (other than Shares, bonds (including convertible bonds) and share option issued by our Company, which the Companies Act prohibits) without giving Shareholders the right to demand distribution in cash, in which case a special Shareholders' resolution would be required). Scrip dividends in the form of Shares, bonds (including convertible bonds) or share options issued by our Company are prohibited under the Companies Act. The amount or value of any dividends declared may not exceed the available Distributable Amount.

The Companies Act provides that a company's Distributable Amount is calculated using the retained earnings (*joyo kin* 剰余金) recorded in a company's non-consolidated financial statements prepared in accordance with JGAAP (rather than IFRS) with certain adjustments (including deduction of the book value of any treasury Shares held by a company) available under the Companies Act and the relevant Ordinance of the Japanese Ministry of Justice. The Companies Act also requires an amount equivalent to 10% of any dividend resulting in a decrease in retained earnings (*joyo kin* 剰余金) to be allocated to reserves (*junbi kin* 準備金) until the aggregate amount of the reserve (*junbi kin* 準備金) equals 25% of the amount of share capital. See "Appendix III — Summary of Articles of Incorporation, the Companies Act and Taxation in Japan — Articles of Incorporation — Restriction on distribution of dividends" for a detailed description on how Distributable Amount is calculated.

Given that our consolidated financial statements set out in the Accountants' Report in Appendix I have been prepared in accordance with IFRS, the amounts of the consolidated retained earnings determined under IFRS differ from the retained earnings (*joyo kin* 剰余金) recorded in our Company's non-consolidated financial statements under JGAAP. The differences are caused by items which include, for example, the adjustment related to goodwill and intangible asset amortisation, share-based payments and derivative financial liabilities.

Our Chief Executive Officer is required by the Companies Act to report on (and in some circumstances, obtain Shareholders' approval for) our JGAAP financial statements at a Shareholders' meeting held within three months of our financial year-end. The JGAAP financial statements must be despatched to Shareholders along with the notice of such Shareholders' meeting at least 21 days before the meeting. Our Company will also separately despatch our annual report, incorporating financial statements (or a summary financial report) prepared in accordance with IFRS, within four months of the financial year-end of our Company to our Shareholders and hold a separate Shareholders' meeting to report on the IFRS financial statements required to be held under the Listing Rules (i) within six months of our Company's financial year-end and (ii) at least 21 days after delivery of the annual report. Our Company may choose, in any given financial year, to hold a single annual Shareholders' meeting that fulfills both requirements under the Companies Act and the Listing Rules described above if we are able to despatch our annual report incorporating financial statements (or a summary financial report) prepared in accordance with IFRS to Shareholders along with the notice of the annual Shareholders' meeting required under the Companies Act. See "Appendix III — Summary of Articles of Incorporation, the Companies Act and Taxation in Japan — 2. Japanese Corporation Law — (I) Accounting and auditing requirements" for further information.

Our Company will procure our accounting auditors to prepare a reconciliation between our financial statements under JGAAP and IFRS for each financial year following the Listing and despatch such reconciliation documents to our Shareholders together with our annual report. For indicative purposes, our Company's annual report incorporating financial statements (or a summary financial report) prepared in accordance with IFRS will include the Distributable Amount as at the end of the financial year.

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Currency of dividend payments

Shareholders entitled to receive cash dividends from our Company (other than CCASS Beneficial Owners) will have the option of receiving their entitlements in either Japanese yen or Hong Kong dollars (to be converted by our Company at the then prevailing foreign exchange rate available to our Company), provided that, in order to elect Japanese yen, Shareholders must supply bank account details in Japan (such bank must be a member of The Japanese Bankers Currency Exchange Institution) to our Company through the Share Registrar. No partial election will be allowed, and Shareholders, including nominee companies which hold Shares on behalf of the Shareholders, cannot elect to receive part of the cash dividends in Japanese yen and part of the cash dividends in Hong Kong dollars. If no election is made by a Shareholder, such Shareholder will receive dividend payments in Hong Kong dollars. Shareholders who have previously elected to receive dividend payments in Japanese yen and supplied bank account details in Japan to our Company will continue to receive dividend payments in Japanese yen. Each such Shareholder can exercise their option by informing our Share Registrar of his/her election. Upon declaration of dividend payment, our Share Registrar will notify our Company of the aggregate amount in Japanese yen and Hong Kong dollars to be paid to our Shareholders. Dividend payments in Hong Kong dollars will be paid by our Share Registrar to the relevant Shareholders upon receipt of the requisite funds from our Company, whereas dividend payments in Japanese yen will be directly paid by our Company.

CCASS Beneficial Owners are not recognised under the Companies Act as Shareholders unless they withdraw their Shares from CCASS and re-register themselves as Shareholders in our share register. All CCASS Beneficial Owners will receive dividend payments in Hong Kong dollars. Therefore, any CCASS Beneficial Owner who wishes to elect to receive his/her dividend payments in Japanese yen must withdraw the relevant Shares from CCASS and supply bank account details in Japan (such bank must be a member of The Japanese Bankers Currency Exchange Institution) to our Company through our Share Registrar.

Japanese withholding tax for dividend payments

Shareholder holding the Shares in his own name and outside CCASS who is either a resident in Japan or a company incorporated in Japan

Dividend due and paid	Individual Shareholder that is interested in less than 3% of the entire issued Shares of our Company	Individual Shareholder that is interested in 3% or more of the entire issued Shares of our Company	Corporate Shareholder
On or before 31 December 2012	10%	20%	7%
On or before 31 December 2013	10.147%	20.420%	7.147%
On or before 31 December 2037	20.315%	20.420%	15.315%
On or after 1 January 2038	20%	20%	15%

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Shareholder holding the Shares in his own name and outside CCASS who is not a resident in Japan or a company incorporated in Japan

<u>Dividend due and paid</u>	<u>Individual Shareholder that is interested in less than 3% of the entire issued Shares of our Company</u>	<u>Individual Shareholder that is interested in 3% or more of the entire issued Shares of our Company</u>	<u>Corporate Shareholder</u>
On or before 31 December 2012	7%	20% or 10% ⁽¹⁾	7% or 5% ⁽¹⁾
On or before 31 December 2013	7.147%	20.420% or 10% ⁽¹⁾	7.147% or 5% ⁽¹⁾
On or before 31 December 2037	15.315% or 10% ⁽¹⁾	20.420% or 10% ⁽¹⁾	15.315% or 5%/10% ⁽¹⁾
On or after 1 January 2038	15% or 10% ⁽¹⁾	20% or 10% ⁽¹⁾	15% or 5%/10% ⁽¹⁾

(1) Individual and corporate Shareholders in Hong Kong will be subject to a withholding tax in Japan not exceeding 10% (or not exceeding 5% for corporate Shareholders who are interested in 10% or more of the voting Shares of our Company for the six months ending on the record date for dividend distribution) for dividend payments under the Hong Kong-Japan Tax Treaty. See “— Dividends — The Hong Kong-Japan Tax Treaty” in this section below.

CCASS Beneficial Owners

Notwithstanding that CCASS Beneficial Owners are not recognised under the Companies Act as Shareholders, our Tax Adviser has confirmed that Japanese tax laws would recognise CCASS Beneficial Owners who hold their investments through CCASS, being the ultimate payees of any dividend, as taxpayers. As such, the withholding tax rate applicable to the dividend paid to CCASS Beneficial Owners should, in principle, be the tax rate applicable to each CCASS Beneficial Owner on an individual basis in accordance with their identity, shareholding percentage and tax residence.

However, due to the inherent characteristics of CCASS, our Company is not able to ascertain the identity, and consequently the tax residence, of the CCASS Beneficial Owners. Our Company is therefore not able to apply a rate of withholding tax on an individual basis to CCASS Beneficial Owners. In addition, CCASS does not have the capacity to attribute to each CCASS Participant (and, accordingly, to each CCASS Beneficial Owner) its respective share of distributed profits with the purpose of enabling our Company to apply the proper withholding tax (if any).

As a consequence, our Company will withhold tax on the dividends payable to CCASS Beneficial Owners at the following rates, which are the highest possible withholding tax rates under Japanese law:

<u>Dividend due and paid</u>	<u>CCASS Beneficial Owners</u>
On or before 31 December 2012	20%
On or before 31 December 2013	20.420%
On or before 31 December 2037	20.420%
On or after 1 January 2038	20%

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CCASS Beneficial Owners may not be able to obtain a refund of tax withheld in excess on dividend payments from Japan's National Tax Agency unless there is a valid tax treaty between Japan and their respective tax residence (such as the Hong Kong-Japan Tax Treaty). CCASS Beneficial Owners who wish to reduce their Japanese withholding tax exposure should withdraw their Shares from CCASS and re-register themselves as a Shareholder in our share register prior to the record date of dividend payment. Following such re-registration, such holder may be entitled to the tax rates set out in the paragraphs headed “— Shareholder holding the Shares in his own name and outside CCASS who is either a resident in Japan or a company incorporated in Japan” or “— Shareholder holding the Shares in his own name and outside CCASS who is not a resident in Japan or a company incorporated in Japan” above, dependent upon his/her/its tax residence.

CCASS Beneficial Owners who are either resident in Hong Kong or a corporation incorporated in Hong Kong that do not have a permanent presence in Japan may enjoy a reduced withholding tax rate of not exceeding 10% (or not exceeding 5% for corporate Shareholders who are interested in 10% or more of the voting Shares of our Company for the six months ending on the record date for dividend distribution) under the Hong Kong-Japan Tax Treaty. Such CCASS Beneficial Owners may be able to claim a refund of taxes withheld in excess of the applicable rate under the Hong Kong-Japan Tax Treaty from Japan's National Tax Agency after following the applicable filing procedures and subject to the approval of Japan's National Tax Agency. Applications must be made using the Application Form for Refund of the Overpaid Withholding Tax Other Than Redemption of Securities and Remuneration Derived from Rendering Personal Services Exercised by an Entertainer or a Sportsman in Accordance with the Income Tax Convention. Such application form is available in Japanese and English on the website of Japan's National Tax Agency at www.nta.go.jp/tetsuzuki/shinsei/annai/joyaku/annai/pdf2/260.pdf. In addition, physical application forms in Japanese and English, including an unofficial Chinese translation of the instructions for completing the application form, will be made available to our Shareholders and CCASS Beneficial Owners at our Company's principal place of business in Hong Kong and our Share Registrar. We will make an announcement to our Shareholders and CCASS Beneficial Owners on each occasion these application forms become available. Potential investors should note that there may be delays in obtaining this refund. Detailed documentary requirements for the refund process under the Hong Kong-Japan Tax Treaty will be specified in our dividend payment announcements.

See “— Dividends — The Hong Kong-Japan Tax Treaty” in this section below for further information regarding exceptions applicable to residents in Hong Kong and companies incorporated in Hong Kong that do not have a permanent presence in Japan.

The Hong Kong-Japan Tax Treaty

Following the conclusion of the Hong Kong-Japan Tax Treaty, effective in Japan since 14 August 2011, dividends paid by our Company to our Shareholders who (i) are Hong Kong residents or companies incorporated in Hong Kong; and (ii) have no permanent presence in Japan, will be subject to a withholding tax in Japan not exceeding 10% (or not exceeding 5% for corporate Shareholders who are interested in 10% or more of the voting Shares of our Company for the six months ending on the record date for dividend distribution) for dividends payable after 1 January 2012.

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Shareholders who hold in their own names and outside CCASS

Our Tax Adviser has confirmed that corporate and other individual Shareholders who hold the Shares in their own names and believe that they are entitled to reduced withholding tax rates on dividend payments made by our Company under the Hong Kong-Japan Tax Treaty may need to make an application to Japan's National Tax Agency through our Share Registrar to establish their eligibility to the satisfaction of Japan's National Tax Agency.

Applications for reduced withholding tax rates under the Hong Kong-Japan Tax Treaty applicable to dividend payments by our Company can be made before the record date on which Shareholders are determined to be eligible for such dividends. Applications must be made using the Application Form for Income Tax Convention (Relief from Japanese Income Tax on Dividends). Such application form is available in Japanese and English on the website of Japan's National Tax Agency at www.nta.go.jp/tetsuzuki/shinsei/annai/joyaku/annai/pdf2/250.pdf.

Application forms in Japanese and English, together with an unofficial Chinese translation of the instructions for completing the application form, will be made available to our Shareholders at our Company's principal place of business in Hong Kong and our Share Registrar prior to the record date on which Shareholders are determined to be eligible for dividend payments. Our Company will announce to our Shareholders on each occasion these application forms become available. Detailed documentary requirements for the application process under the Hong Kong-Japan Tax Treaty will be specified in our dividend payment announcements.

Alternatively, Shareholders may be able to claim a refund from Japan's National Tax Agency of withholding tax withheld in excess of the rate payable under the Hong Kong-Japan Tax Treaty. Applications must be made using the Application Form for Refund of the Overpaid Withholding Tax Other Than Redemption of Securities and Remuneration Derived from Rendering Personal Services Exercised by an Entertainer or a Sportsman in Accordance with the Income Tax Convention which is available in Japanese and English on the website of Japan's National Tax Agency at www.nta.go.jp/tetsuzuki/shinsei/annai/joyaku/annai/pdf2/260.pdf. Physical application forms for tax refund in Japanese and English, including an unofficial Chinese translation of the instructions for completing the application form, will be made available to our Shareholders at our Company's principal place of business in Hong Kong and our Share Registrar. Our Company will announce to our Shareholders on each occasion these application forms become available. Potential investors should note that there may be delays in obtaining this refund. Detailed documentary requirements for the refund process under the Hong Kong-Japan Tax Treaty will be specified in our dividend payment announcements.

The Hong Kong-Japan Tax Treaty will be applied to dividends payable after 1 January 2012. **Potential investors are strongly advised to consult their professional advisers if you are in any doubt as to the implications of the Hong Kong-Japan Tax Treaty or the application process for any reduced rates on dividend payments made by our Company.** We do not assume any responsibility to ensure withholding is made at the reduced treaty rate or to ensure no withholding is made for Shareholders who would be so eligible under any applicable income tax treaty.

Non-Japanese CCASS Beneficial Owners

See “— Dividends — Japanese withholding tax for dividend payments — CCASS Beneficial Owners” in this section above.

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Japanese resident CCASS Beneficial Owners

CCASS Beneficial Owners will be subject to the following withholding tax rates, which are the highest possible withholding tax rates under Japanese law:

Dividend due and paid	CCASS Beneficial Owners
On or before 31 December 2012	20%
On or before 31 December 2013	20.420%
On or before 31 December 2037	20.420%
On or after 1 January 2038	20%

Shareholders that are either Japanese residents holding less than 3% of our entire issued share capital or being a company incorporated in Japan, who have deposited their Shares into CCASS and wish to reduce their Japanese withholding tax exposure may withdraw the relevant Shares from CCASS and re-register themselves as a Shareholder in our share register. Following such re-registration, such holders may be entitled to the tax rates set out in the paragraphs headed “— Dividends — Japanese withholding tax for dividend payments — Shareholder holding the Shares in his own name and outside CCASS who is either a resident in Japan or a company incorporated in Japan” above in this section.

SHAREHOLDER RIGHTS AND OBLIGATIONS

Shareholder rights

Subject to certain conditions and qualifications set out in the Companies Act, Shareholders have the right to (i) inspect or copy statutory documents including our share register, Articles of Incorporation, minutes of meetings, accounting books and financial statements; (ii) table matters or proposals to the agenda for consideration at a Shareholders' meeting and in the convocation notice; (iii) require our Directors to offer explanations in response to questions raised at Shareholders' meetings; (iv) receive distributions of dividends; (v) receive distributions of surplus assets in a liquidation; and (vi) be registered as a Shareholder in the share register of our Company.

Other than the rights above, subject to certain conditions or qualifications under the Companies Act, Shareholders are also entitled to the right to:

- (i) demand that the issue of new Shares or share options be suspended;
- (ii) demand that summary mergers (*kani-gappei tou* 簡易合併等) (in cases where the Company is a surviving company) be suspended. Summary mergers are mergers where Shareholders' approval is not required under the Companies Act;
- (iii) bring judicial action to invalidate certain corporate actions, such as changing a place of incorporation, issue of new Shares, reduction of share capital, and mergers and acquisitions;
- (iv) bring judicial action to render invalid the issue of new Shares, the disposition of treasury Shares or the issue of new share options as made without valid corporate authority;
- (v) bring judicial action to confirm the invalidity of a resolution at a Shareholders' meeting or class meeting;
- (vi) bring judicial action to cancel a resolution at a Shareholders' meeting or class meeting;

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- (vii) bring judicial action to pursue the liability of Directors (provided that such Shareholders have continuously held Shares in our Company for the six months preceding such court action);
- (viii) demand suspension of acts in violation of laws and our Articles of Incorporation by our Directors (provided that such Shareholders have continuously held Shares in our Company for the six months preceding such demand);
- (ix) petition for appointment of an inspector to investigate the convocation of and approval of resolutions passed at a Shareholders' meeting (provided that, such Shareholders have held at least 1% of the total voting rights in the Company for the preceding six months);
- (x) demand convocation of a Shareholders' meeting (provided that such Shareholders hold, as at the time of request, at least 3% of the total voting rights in our Company);
- (xi) bring judicial action to dismiss Directors (provided that such Shareholders have held at least 3% of the total voting rights in our Company (excluding Shares held by certain persons such as any Director proposed to be dismissed) in our Company for the preceding six months preceding such litigation); and
- (xii) petition a court to dissolve our Company based upon certain prescribed grounds such as the Chief Executive Officer continuously violating criminal laws despite a written warning from the Ministry of Justice (provided that such Shareholders hold at least 10% of the entire issued share capital or the total voting rights in our Company as at the time of request).

CCASS Beneficial Owners

A CCASS Beneficial Owner is not recognised as a Shareholder under Japanese law until he withdraws the relevant Shares from CCASS and re-registers himself as the registered Shareholder in our share register.

HKSCC Nominees will exercise the rights on behalf of CCASS Beneficial Owners just as it does for shareholders of other companies listed on the Stock Exchange whose shares are deposited with CCASS.

Issue of Shares, stock acquisition rights or convertible bonds

Under our Articles of Incorporation, if our Company intends to issue any Share or share option (including convertible bonds), the number, price, due date of payment of price and other certain terms as defined in the Companies Act (the "Subscription Requirements") of the Shares or share options proposed to be issued shall be fixed by ordinary resolution passed in a Shareholders' meeting, even after the Shares of our Company are listed on the Stock Exchange. Except that, in the circumstances where an issue or allotment of the Shares is made at a price *especially favourable* to the subscriber or allottee of the Shares, a special resolution from our Shareholders shall be required. Under our Articles of Incorporation, our Shareholders may, at their discretion, grant our Board of Directors a general mandate to issue and allot Shares via an ordinary resolution.

Our Japan Legal Adviser has confirmed that there is no clear definition under Japanese law as to the circumstances where a price for issue or allotment of Shares may be deemed as *especially favourable* to a subscriber or allottee. Under the internal rules of The Japan Securities Dealers Association, an issue or allotment of Shares may be taken as *especially*

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favourable to a subscriber or allottee when less than 90% of the market value of the Shares so issued or allotted is required as consideration from the said subscriber or allottee. As to the initial determination on whether an issue or allotment of shares, share options or convertible bonds is at an *especially favourable* price, our Board is not required to seek an opinion from independent experts as to the price of such issue or allotment prior to making such determination. However, our Directors may elect to obtain an opinion from independent experts if they have any doubt about an *especially favourable* price requiring a special resolution from our Shareholders.

Our Articles of Incorporation provide that, where a resolution is required to be approved by our Shareholders in accordance with the Companies Act and the Listing Rules or Takeovers Code (as the case may be), the resolution would not be taken to be passed unless the quorum and resolution ratio required by both the Companies Act and the Listing Rules or Takeovers Code (as the case may be) have been complied with.

Under our Articles of Incorporation, our Board of Directors may be entrusted with the power to issue and allot Shares by way of a general mandate granted by our Shareholder via an ordinary resolution. Pursuant to an extraordinary Shareholders' meeting of our Company dated 20 June 2012, a general unconditional mandate (the "General Mandate") was granted to our Directors to allot, issue and deal with such number of Shares representing not more than the sum of (i) 20% of the entire issued share capital of our Company immediately following completion of the Global Offering; and (ii) the aggregate number of Shares repurchased by our Company, if any, under the general mandate to repurchase Shares granted to our Directors on the same date. Under Japanese law, the General Mandate is not enforceable when (i) an issue or allotment of Shares to a third party is proposed on terms and conditions *especially favourable* to such third party (in which case a special resolution from our Shareholders is required); or (ii) after an allotment, issue, or dealing in the Shares pursuant to the General Mandate, our entire issued share capital exceeded or would exceed the maximum number of Shares authorised to be issued by our Company (currently 2,520,000,000 Shares under our Articles of Incorporation).

Alternative proposals

Under Japanese law, where a proposal is included as an agenda item of a Shareholders' meeting, any Shareholder with at least one vote may, without prior notice to our Company, make a counter proposal to such original proposal at the said Shareholders' meeting to be considered and voted on by our Shareholders. By way of illustration, where a proposal to appoint a person as a Director is included as an agenda item of a Shareholders' meeting, any Shareholder with at least one vote may counter-propose to appoint another person at the relevant Shareholders' meeting.

However, a Shareholder may not make a counter proposal if a counter proposal of a similar nature failed to receive 10% of the votes in favour of such counter proposal at a Shareholders' meeting within the previous three years. Shareholders wishing to make such proposals will have to follow the normal notification requirements set out in the paragraphs headed "Japanese corporation law — Protection of minority Shareholders — Rights to demand that Directors add certain matters to the agenda of a Shareholders' meeting" in Appendix III to this Prospectus and cannot make such proposals as counter proposals at a Shareholders' meeting without prior notice. By way of illustration only, if a counter proposal to appoint certain person as a Director has failed to receive 10% of the votes at a Shareholders' meeting, any Shareholder cannot make a counter proposal to appoint any person as a Director within the next three years at a Shareholders' meeting. Hence, Shareholders who do not attend a Shareholders' meeting in person or who are not represented at such meeting by a proxy may lose the chance to vote on a spontaneous counter proposal. If a Shareholder casts a written vote in advance in favour of an original proposal, the written vote will be counted as a vote against any counter proposal. If a

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Shareholder does not cast (i) written votes in advance or (ii) written votes in advance against the original proposal, they will be deemed not to have voted in favour of or against counter proposal.

CCASS Beneficial Owners may be unable to cast (if a vote was not initially cast) or change a vote in favour of or against the original proposal after taking the counter proposal into consideration, unless notice of the intention to make a counter proposal at a Shareholders' meeting is received at least seven days in advance of such meeting (as required under the Listing Rules in connection with nomination(s) of alternative candidate(s) for directorship(s)).

Voting by proxies

Under our Articles of Incorporation, any Shareholder of our Company entitled to attend and vote at a Shareholders' meeting of our Company is entitled to appoint another person as his proxy to attend and vote on behalf of him. A Shareholder (including nominee companies such as HKSCC Nominees) who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at a Shareholders' meeting of our Company or at a class meeting. A proxy needs not be a Shareholder of the Company and there is no limitation nor restriction in respect of the qualification and identity of the proxies and/or corporate representatives to be appointed by our Shareholders. A proxy shall be entitled to exercise the same powers on behalf of a Shareholder who is an individual and for whom he acts as a proxy as such Shareholder could exercise provided that he/she can present to our Company identity proof and authorisation letters duly executed by the record Shareholder (in case of an individual Shareholder) or an authorised corporate representative (in case of a corporate Shareholder) to prove his/her authority. In addition, a proxy shall be entitled to exercise the same powers on behalf of a Shareholder which is a corporation and for which he acts as a proxy as such Shareholder could exercise if it were an individual Shareholder. Votes may be given either personally (or, in case of a corporate Shareholder, by its duly authorised corporate representative) or by proxy.

Upon the Listing, we will generally require the Shareholders to submit their proxy forms and/or authorisation letters to appoint corporate representatives and/or proxies by close of business on the business day immediately preceding the date of the Shareholders' meeting. Detailed requirements will be set out in the convocation notice of each Shareholders' meeting, which will be published on the Stock Exchange's website and our Company's website.

Ability of Shareholder to cast votes in different ways

Under the Companies Act, a Shareholder (including a nominee such as HKSCC Nominees) is permitted to divide his/her Shares and cast his/her votes corresponding to these Shares in different ways, casting his/her votes partly for and partly against a resolution. A Shareholder who wishes to cast his/her votes in different ways is required to notify our Company of his/her then intention to cast his/her votes in different ways and the reasons therefor at least three days prior to the date of the Shareholders' meeting. Our Company may object to a Shareholder casting his/her votes in different ways if such Shareholder holds our Shares on his own behalf rather than as nominee on behalf of others. Upon the Listing, we will enclose a notification form with the convocation notice of each Shareholders' meeting. Shareholders who wish to cast their votes in different ways should notify the Company by completing and returning the prescribed notification form. Shareholders (including nominee companies such as HKSCC Nominees) may also make a permanent election to cast their votes in different ways at all future Shareholders' meeting. Such permanent election will serve as notification at each subsequent Shareholders' meeting unless and until it is withdrawn by written notice to our Share Registrar.

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FOREIGN EXCHANGE CONTROL

Notification to The Bank of Japan

The Foreign Exchange and Foreign Trade Act of Japan (Act No. 228 of 1949, as amended) and the cabinet orders and ministerial ordinances (collectively, the "Foreign Exchange Regulations") thereunder govern certain matters relating to the issue of equity-related securities by us and the acquisition and holding of Shares by Foreign Investors (defined below).

For the purpose of this sub-section, an "*Exchange Resident*" is defined under the Foreign Exchange Regulations as:

- (i) an individual who resides within Japan; or
- (ii) a corporation whose principal offices are located within Japan;

An "*Exchange Non-Resident*" is defined under the Foreign Exchange Regulations as:

- (i) an individual who does not reside in Japan; or
- (ii) a corporation whose principal offices are located outside Japan.

As confirmed by our Japan Legal Adviser, branches and other offices located within Japan of non-resident corporations are regarded as Exchange Residents. Conversely, branches and other offices of Japanese corporations located outside Japan are regarded as Exchange Non-Residents.

A "*Foreign Investor*" is defined under the Foreign Exchange Regulations as:

- (i) an individual who is an Exchange Non-Resident;
- (ii) a corporation that is organised under the laws of a foreign country other than Japan or whose principal office is located outside Japan; or
- (iii) a corporation (i) 50% of more of the total voting rights of which are directly or indirectly held by individuals who are Exchange Non-Residents and/or corporations that are either organised under the laws of foreign countries other than Japan or whose principal office is located outside Japan; or (ii) a majority of whose directors or officers, or directors or officers having the power of representation, are individuals who are Exchange Non-Residents.

Subscription for, or acquisition of, our Shares are generally not subject to filing requirements under the Foreign Exchange Regulations. However, investors may be required, in the following limited circumstances, to notify the Minister of Finance, Minister of Economy, Trade and Industry and the prime minister through The Bank of Japan prior to, or following, subscribing for, or acquiring, the Shares.

Prior Notification

In certain limited circumstances, Foreign Investors must submit prior notification (the "Prior Notification") to The Bank of Japan within six months preceding (i) in case of subscription, the date of payment for subscription, or (ii) in case of acquisition, the acquisition date. Such Foreign

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Investor must wait for 30 days from the date on which the Prior Notification is received by The Bank of Japan before paying subscription monies for, or acquiring, our Shares. Such period may be shortened to two weeks if the investment is not related to the safety of Japan.

There is a general exemption from the Prior Notification requirement if the Foreign Investor is a resident of, or a corporation organised under the laws of, the following exempted jurisdictions (the "Exempted Jurisdictions"), of which Hong Kong is one:

Exempted Jurisdictions

Set out below are the names of the Exempted Jurisdictions for the purpose of the notification requirements to The Bank of Japan on subscription and/or acquisition of the Shares in our Company. Investors holding Japanese citizenship or citizenship of any of the following jurisdictions (which include Hong Kong) are exempted from any notification requirement to The Bank of Japan, provided that their shareholding interest in our Company does not exceed 10% of our entire issued share capital.

Albania	Egypt	Madagascar	Russia
Algeria	El Salvador	Malawi	Rwanda
Angola	Estonia	Malaysia	Samoa
Antigua and Barbuda	Ethiopia	Maldives	Saudi Arabia
Argentina	Fiji	Mali	Senegal
Armenia	Finland	Malta	Sierra Leone
Australia	Former Yugoslav Republic of Macedonia	Marshall	Singapore
Austria	France	Mauritania	Slovakia
Bahamas	Gabon	Mauritius	Slovenia
Bahrain	Gambia	Mexico	Solomon
Bangladesh	Germany	Micronesia	Spain
Barbados	Ghana	Moldova	Sri Lanka
Belgium	Greece	Monaco	St. Christopher and Nevis
Belize	Grenada	Mongolia	St. Lucia
Benin	Guatemala	Morocco	St. Vincent
Bhutan	Guinea	Mozambique	Sudan
Bolivia	Guinea-Bissau	Myanmar	Suriname
Botswana	Guyana	Namibia	Swaziland
Brazil	Haiti	Nauru	Sweden
Brunei	Honduras	Nepal	Switzerland
Bulgaria	Hong Kong	Netherlands	Syria
Burkina Faso	Hungary	New Zealand	Taiwan
Burundi	Iceland	Nicaragua	Tanzania
Cambodia	India	Niger	Thailand
Cameroon	Indonesia	Nigeria	Togo
Canada	Iran	Norway	Tonga
Central Africa	Ireland	Oman	Trinidad and Tobago
Chad	Israel	Pakistan	Tunisia
Chile	Italy	Panama	Turkey
Colombia	Jamaica	Papua New Guinea	Uganda
Costa Rica	Jordan	Paraguay	Ukraine
Côte d'Ivoire	Kenya	Peru	United Arab Emirates
Croatia	Kuwait	Philippines	United Kingdom
Cuba	Kyrgyzstan	Poland	Uruguay
Cyprus	Laos	Portugal	USA
Czech Republic	Latvia	PRC	Vanuatu
Democratic Republic of Congo	Lebanon	Qatar	Venezuela
Denmark	Lesotho	Republic of Congo	Vietnam
Djibouti	Liechtenstein	Republic of Georgia	Zambia
Dominica	Lithuania	Republic of Korea	Zimbabwe
Dominican Republic	Luxembourg	Republic of South Africa	
Ecuador	Macau	Romania	

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A Foreign Investor who is required to submit the Prior Notification and does not do so or who submits a Prior Notification containing a misstatement and who subscribes for or acquires our Shares shall have committed an offence punishable by imprisonment for not more than three years or by a fine of not more than ¥1 million, or both. Where a Foreign Investor is a corporation, the representative person of such Foreign Investor such as a director, agent or employee, may be imprisoned for not more than three years or fined not more than ¥1 million, or both.

Where necessary, the Prior Notification will be filed by our Company on behalf of each Foreign Investor, except where the Foreign Investors acquire our Shares from an Exchange Resident, in which case such Exchange Resident should file the Prior Notification on behalf of the Foreign Investors. The obligations of the Foreign Investors are limited to the duty of providing certain information to our Company or the relevant Exchange Resident (as the case may be) as prescribed under the Foreign Exchange Regulations.

Post Reporting and Post-disposal Notification

Where we have or a Foreign Investor has made a Prior Notification, such Foreign Investor is also required to make a post notification (the "Post Reporting") to The Bank of Japan, within 30 days of the date of subscription or acquisition. Upon disposal of our Shares, such Foreign Investor is also required to make a post notification (the "Post-disposal Notification") to The Bank of Japan within 30 days of the disposal date.

If a Foreign Investor fails to make the Post Reporting or the Post-disposal Notification, or if the Post Reporting or the Post-disposal Notification contains a misstatement, it shall be an offence punishable by imprisonment for not more than six months or by a fine of not more than ¥500,000, or both.

Where necessary, the Post Reporting will be filed by our Company on behalf of each Foreign Investor, except where a Foreign Investor acquires our Shares from an Exchange Resident, in which case such Exchange Resident should file the Post Reporting on behalf of the Foreign Investor. The Post-disposal Notification will be filed by our Company on behalf of the Foreign Investor. The obligations of the Foreign Investors are limited to the duty of providing certain information to our Company or the relevant Exchange Resident (as the case may be) as prescribed under the Foreign Exchange Regulations.

Post Notification

If a Foreign Investor subscribes for, or acquires our Shares (whether from an Exchange Resident, Exchange Non-Resident, another Foreign Investor or through a designated security company), the Foreign Investor would need to make a subsequent report (the "Post Notification") to The Bank of Japan by the 15th day of the month following the month in which the date of such subscription or acquisition occurs.

There is an exemption from the Post Notification requirement if, as a result of the subscription for, or acquisition of, our Shares, the number of Shares held by that Foreign Investor would be less than 10% of our entire issued share capital. In other words, potential investors who are Foreign Investors are exempted from all notification requirements under the Foreign Exchange Regulations if they are (i) residents of, or corporations organised under the laws of, the Exempted Jurisdictions, which include Hong Kong, and (ii) holders of such number of Shares representing less than 10% of our entire issued share capital.

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If a Foreign Investor failed to make the Post Notification, or if the Post Notification contains a misstatement, it shall be an offence punishable by imprisonment for not more than six months or by a fine of not more than ¥500,000, or both. Where a Foreign Investor is a corporation, the representative person of such Foreign Investor such as a director, agent or employee, may be imprisoned for not more than six months or fined not more than ¥500,000, or both.

Where necessary, the Post Notification will be filed by our Company on behalf of each Foreign Investor, except where a Foreign Investor acquires our Shares from an Exchange Resident, in which case such Exchange Resident should file the Post Notification on behalf of the Foreign Investors. The obligations of the Foreign Investors are limited to the duty of providing certain information to our Company or the relevant Exchange Resident (as the case may be) as prescribed under the Foreign Exchange Regulations.

Where a Foreign Investor has made the Post Notification, such Foreign Investor is not required to notify The Bank of Japan upon disposal of our Shares, except under the circumstances as described in the paragraphs headed “— Foreign Exchange Report” below.

Foreign Exchange Report

Where an Exchange Resident acquires our Shares from an Exchange Non-Resident, or where an Exchange Resident who is also a Foreign Investor transfers our Shares to an Exchange Non-Resident, such Exchange Resident must make a subsequent report (the “Foreign Exchange Report”) to The Bank of Japan within 20 days from the acquisition date or payment date, whichever comes later. There is an exemption from the requirement if:

- (i) the purchase price of the relevant Shares is no more than ¥1 million; or
- (ii) the acquisition or transfer is effected through any securities firm/bank or other entity prescribed under the Foreign Exchange Regulations as an agent or intermediary.

If an Exchange Resident fails to make the Foreign Exchange Report, or if the Foreign Exchange Report contains a misstatement, such Exchange Resident will be punishable by imprisonment for not more than six months or by a fine of not more than ¥500,000, or both. Where an Exchange Resident is a corporation, the representative person of such Exchange Resident such as a director, agent or employee, may be imprisoned for not more than six months or fined not more than ¥500,000, or both.

The Foreign Exchange Report is filed by the Exchange Resident (the transferor). Under the Foreign Exchange Regulations, the Exchange Non-Resident (the transferee) is not under a duty or obligation to file Foreign Exchange Report and will not be subject to any penalties for failure to file the Foreign Exchange Report.

CCASS Beneficial Owners

Due to the inherent characteristics of CCASS, our Company is not able to ascertain the identity, and consequently the citizenship, of the CCASS Beneficial Owners. In addition, our Company does not have the capacity to ascertain the individual shareholding percentage of the CCASS Beneficial Owners. Consequently, Foreign Investors looking to hold their investments through CCASS are requested to notify our Company by writing to our headquarters in Japan or our principal place of business in Hong Kong prior to making their investment if (i) they are not citizens of an Exempted Jurisdiction (which includes Hong Kong); or (ii) their prospective shareholding interest in our Company exceeds 10% of our entire issued share capital.

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Our Japan Legal Adviser has confirmed that the responsibility and obligation (where relevant) for filing the Post Notification, the Prior Notification, the Post Reporting and Post-disposal Notification is on the CCASS Beneficial Owners, instead of HKSCC Nominees. Under no circumstances would HKSCC Nominees accept any responsibility or liability for failure, on the part of the Foreign Investors, to file the Post Notification and the Prior Notification.

Foreign Investors are advised to consult their licensed securities dealers, solicitors, registered institutions in securities, bank managers, accountants or other professional advisers before subscribing for, or acquiring, our Shares as to the applicability of the Prior Notification, Post Notification, and Foreign Exchange Report requirements.

SHARE REPURCHASE

Pursuant to an extraordinary Shareholders' meeting of our Company dated 20 June 2012, a general unconditional mandate (the "Repurchase Mandate") was given to our Board of Directors to exercise all power of our Company to repurchase such number of Shares on the Stock Exchange, or any other stock exchange on which the securities of our Company may be listed and which is recognised by the Stock Exchange and the SFC for this purpose, representing not more than 10% of our Company's entire issued share capital immediately following the completion of the Global Offering. Under the Companies Act, the total book value of the Shares paid to the relevant Shareholders pursuant to the exercise of the Repurchase Mandate shall not exceed the Distributable Amount of our Company as at the date of repurchase.

The Companies Act provides that a Japanese company may acquire its own shares pursuant to a Shareholders' meeting. Repurchases by our Company pursuant to the Repurchase Mandate must be conducted through *market transactions, etc.* (*shijo torihiki tou* 市場取引等). However, given the lack of relevant judicial precedent in Japan, it is unclear whether repurchases on the Stock Exchange are within the scope of *market transactions, etc.* (*shijo torihiki tou* 市場取引等) under the Companies Act. As such, our Japan Legal Adviser has advised us that there is some uncertainty as to whether the Repurchase Mandate to repurchase is valid and enforceable under Japanese law in relation to repurchases conducted through the Stock Exchange. Our Board of Directors will, under all circumstances, exercise the Repurchase Mandate only to the extent allowed under all applicable laws and regulations in Hong Kong and Japan, including but not limited to the Listing Rules and the Companies Act. Our Board of Directors undertake not to exercise the Repurchase Mandate unless there is clear judicial authority in Japan as to whether repurchases on the Stock Exchange are within the scope of *market transactions, etc.* (*shijo torihiki tou* 市場取引等).

SHAREHOLDERS' MEETING

Our annual Shareholders' meeting is usually held in June. Pursuant to our Articles of Incorporation, the record date for our annual Shareholders' meetings is 31 March each year.

A record date is the date for determining the list of eligible Shareholders entitled to vote at our annual Shareholders' meeting. Under the Companies Act, an annual Shareholders' meeting must be held within three months from the record date. Generally it takes two to three months from the record date for a company incorporated in Japan, such as our Company, to convene an annual Shareholders' meeting.

Shareholders who acquire our Shares after 31 March each year may not be entitled to attend and vote at the annual Shareholders' meeting of the same year.

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In respect of an extraordinary Shareholders' meeting, a record date may, under the Companies Act, be set by our Board of Directors and announced by public notice at least 14 days prior to the proposed record date. Shareholders who acquire our Shares after such record date will not have the right to vote at the relevant extraordinary Shareholders' meeting.

We currently plan to hold our annual Shareholders' meetings in Japan and/or at any other locations as may be indicated in the convocation notices, which shall be despatched to our Shareholders at least 21 days prior to such meetings as required by our Articles of Incorporation. Shareholders who are unable to attend the annual Shareholders' meeting in person will be able to vote by proxy under the procedures set out in the paragraphs headed "— Shareholder rights and obligations — Voting by proxies" in this section above. Details as to the location and other arrangements of each annual Shareholders' meeting for Shareholders who are unable to attend in person will be announced in the convocation notices.

ONGOING INVESTOR EDUCATION

For the benefit of potential investors who may, from time to time, invest in the Shares in our Company in the secondary market, all information set out in this section will be made available in our Company's website at www.dyjh.co.jp. In the event that our Directors become aware of any material changes to the information set out in this section that ought to be brought to the attention of potential investors and our Shareholders, an announcement will be made as soon as reasonably practicable and the contents of our Company's website will be amended accordingly. Investors should note that contents of our Company's website do not form part of this Prospectus.

Investors are strongly advised to refer to the section headed "Material Shareholders' Matters under Japanese Law" on our website from time to time and/or seek independent professional advice. Our Company will include the following legend in each of our physical Share certificates:

株式会社ダイナムジャパンホールディングス DYNAM JAPAN HOLDINGS Co., Ltd. (the "Company") was incorporated under Japanese law, which differs from Hong Kong law in certain respects. Japanese law recognises the holder(s) of this share certificate as the legal and beneficial owner(s) of the shares represented hereby, whether or not that person(s)' name appears on this share certificate. Loss or destruction of this share certificate can have serious implications under Japanese law on your ability to sell your shares, rights to vote and rights to receive dividend payments. There are significant risks associated with the loss or destruction of this share certificate. Shareholders who wish to mitigate those risks are advised to surrender this share certificate to the Company by filling up an application to the share registrar. Shareholders are strongly advised to refer to the section headed "Material Shareholders' Matters under Japanese law" on <http://www.dyjh.co.jp> and/or seek independent professional advice.*

Our Company will include the following legend in each of our annual reports:

株式会社ダイナムジャパンホールディングス (DYNAM JAPAN HOLDINGS Co., Ltd.) (the "Company") was incorporated under Japanese law, which differs from Hong Kong law in certain respects. Loss or destruction of share certificates can have serious implications under Japanese law on a shareholder's ability to sell his/her shares, rights to vote and rights to receive dividend payments. Shareholders holding shares in his/her own names (instead of holding through CCASS) are strongly advised to refer to the section headed "Material Shareholders' Matters under Japanese law" on the Company's website at <http://www.dyjh.co.jp> and/or seek independent professional advice.*

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Our Company will also include the following legend on the front page of the section headed "Investor Relations" on our website:

株式会社ダイナムジャパンホールディングス (DYNAM JAPAN HOLDINGS Co., Ltd.) was incorporated under Japanese law, which differs from Hong Kong law in certain respects. Loss or destruction of share certificates can have serious implications under Japanese law on a shareholder's ability to sell his/her shares, rights to vote and rights to receive dividend payments. Investors who intend to hold their shares in their own names (instead of holding through CCASS) are strongly advised to refer to the section headed "Material Shareholders' Matters under Japanese law" on this website and/or seek independent professional advice.*