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## WAIVERS

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Applications have been made for waiver in respect of various requirements under the Listing Rules and the Companies Ordinance. We have been granted full or partial waivers from and as permitted by the Stock Exchange or the SFC as summarised below.

### **PUBLIC FLOAT REQUIREMENT**

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of an issuer's total issued share capital must at all times be held by the public. We have applied to the Stock Exchange to request the Stock Exchange to exercise, and the Stock Exchange has agreed to exercise, its discretion under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of approximately 20.9% of our total issued share capital. The above discretion is subject to the conditions that:

- (i) the minimum of public float of our Company should be the higher of (a) approximately 20.9%; or (b) a higher percentage after the exercise of the Over-Allotment Option;
- (ii) the Joint Sponsors and our Company shall be able to demonstrate satisfactory compliance with Rules 8.08(2) and 8.08(3) of the Listing Rules at the time of the Listing;
- (iii) our Company will implement appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float; and
- (iv) our Company will make appropriate disclosure of the lower prescribed percentage of public float in this Prospectus and confirm sufficiency of public float in its successive annual reports after the Listing.

### **MANAGEMENT PRESENCE IN HONG KONG**

According to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Currently, Mr. Sato, our executive Director, does not reside in Hong Kong. Since our main operations are in Japan, we do not, and for the foreseeable future, will not, have sufficient management presence in Hong Kong.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements of Rule 8.12 of the Listing Rules, subject to the conditions that, among other things, we maintain the following arrangements for effective communication between us and the Stock Exchange:

- (a) We have appointed two authorised representatives pursuant to Rules 2.11, 3.05 and 19.36(6) of the Listing Rules, who will act as our Group's principal channel of communication with the Stock Exchange. The authorised representatives are Mr. Kato and Ms. Mok. Mr. Kato is an independent non-executive Director of our Company and his biography can be found in the paragraphs headed "Directors and Senior Management — Board of Directors". Ms. Mok is a joint company secretary of our Company and her biography can be found in the paragraphs headed "Directors and Senior Management — Joint Company Secretaries". Both of our authorised representatives have confirmed that they will be able to meet with the Stock Exchange within a reasonable time frame upon request. They will be readily contactable by telephone, facsimile and email, and are authorised to communicate with the Stock Exchange on behalf of our Company.

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- (b) The authorised representatives have means of contacting all of our Directors and Executive Officers promptly at all times for any matter as and when the Stock Exchange so wishes. To enhance communication between the Stock Exchange, the authorised representatives, our Directors and our Company, we have implemented a policy whereby: (i) each Director will have to provide his mobile phone number, office phone number, facsimile number and email address to the authorised representatives and (ii) in the event that a Director expects to travel or be out of the office, he will have to provide the phone number of the place of his/her accommodation to the authorised representatives. Further, for the convenience of communication, each Director will provide his respective mobile phone number, office phone number, email address and fax number to the Stock Exchange.
- (c) We have, in accordance with Rule 3A.19 of the Listing Rules, appointed Shenyin Wanguo Capital (H.K.) Limited and Piper Jaffray Asia Limited as our joint compliance advisers, who will, among other things, act as an additional channel of communication with the Stock Exchange.
- (d) Each of our Directors who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents allowing them to visit Hong Kong and would be able to meet with the Stock Exchange within a reasonable period.

### COMPANY SECRETARY

Pursuant to Rule 8.17 of the Listing Rules, an issuer must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules. Rule 3.28 of the Listing Rules provides that an issuer must appoint as its company secretary an individual who, in the opinion of the Stock Exchange, is capable of discharging the functions of company secretary of the issuer by virtue of his or her academic or professional qualifications or relevant experience. We have applied for, and the Stock Exchange has granted us, waivers from strict compliance with Rules 8.17 and 3.28 on the grounds that we will appoint two joint company secretaries:

- (a) a joint Hong Kong company secretary, being Ms. Mok, who will provide Hong Kong company secretarial support and assistance for an initial period of three years from the Listing Date; and
- (b) a joint Japanese company secretary, being Mr. Yonehata, who will work closely with and assist the joint Hong Kong company secretary.

This waiver is granted on the condition that our Company engages Ms. Mok, who meets the requirements of Note 1 to Rule 3.28, as a joint company secretary to assist Mr. Yonehata in the discharge of his duties as a joint company secretary and in gaining the relevant experience as required under Note 2 to Rule 3.28. This waiver will be revoked immediately when Ms. Mok, during the three-year period, ceases to provide assistance to Mr. Yonehata. Upon the expiry of the three-year period, the qualifications and experience of the joint Japanese company secretary and the need for the ongoing assistance of the joint Hong Kong company secretary will be further evaluated by our Company, and our Company will then endeavour to demonstrate to the Stock Exchange's satisfaction that the joint Japanese company secretary, having had the benefit of the joint Hong Kong company secretary's assistance for the immediately preceding three years, has acquired "relevant experience" within the meaning of Rule 8.17(3) of the Listing Rules such that a further waiver from Rules 8.17 and 3.28 will not be necessary.

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### ARTICLES OF OUR COMPANY

Appendix 3 of the Listing Rules requires an issuer's articles of association or equivalent constitutional documents to conform with the provisions set out in that appendix (the "Articles Requirements"). Our Articles of Incorporation do not comply with certain Articles Requirements and we have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the following Articles Requirements. Further information about our Articles of Incorporation is set out in "Appendix III — Summary of the Articles of Incorporation, the Companies Act and Taxation in Japan". This waiver was granted on the basis that:

- (i) our Company is subject to the Companies Act and other relevant applicable laws and regulations;
- (ii) the differences between the provisions under Appendix 3 to the Listing Rules and our Articles of Incorporation are not considered material from the perspective of shareholder protection; and
- (iii) a summary of the Companies Act and our Articles of Incorporation are disclosed in this Prospectus.

### Definitive Certificates

Articles Requirement 2(2) requires that where the power is taken to issue share warrants to bearers, no new share warrant shall be issued to replace one that has been lost, unless the issuer is satisfied beyond reasonable doubt that the original has been destroyed. The Articles of Incorporation contain no equivalent provision. Any holder who has lost their warrant certificates may not request the reissue of their warrant certificates until they have obtained a decision for invalidation of the lost or destroyed original certificate from a court of justice in Japan as provided under Article 148(1) of the Non-Contentious Cases Procedures Act of Japan (Act No. 14 of 1898, as amended), in accordance with Article 291 of the Companies Act. It would, therefore, be onerous and unnecessary for our Company to amend its Articles to positively comply with Articles Requirement 2(2) as our Shareholders are already adequately protected by the above-referred Japanese legislation. The Stock Exchange has granted us a waiver from strict compliance with this Articles Requirement.

### Dividends

Articles Requirement 3(1) requires that any amounts paid up in advance of calls on any shares may carry interest, but shall not entitle the holder of the shares to participate in respect thereof in a dividend subsequently declared. There is no equivalent provision in the Articles of Incorporation or under the Companies Act or other applicable Japanese legislation. Under Articles 34 and 208 of the Companies Act, all consideration due for shares issued by Japanese corporations must be paid in full on their issue, at which point the party subscribing for such shares will become entitled to dividends declared by our Company on record dates on or after such issue. On this basis, there are no circumstances under which this provision would apply to us since, under Japanese law, amounts are not paid in advance of calls. The Stock Exchange has granted us a waiver from strict compliance with this Articles Requirement.

### Directors

Articles Requirement 4(2) requires that any person appointed by the directors to fill a casual vacancy on, or as an addition to, the board shall hold office only until the next following annual general meeting of the issuer, and shall then be eligible for re-election. There is no equivalent provision in the Articles of Incorporation and such a provision would be inconsistent

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with Japanese law because, pursuant to Article 329 of the Companies Act, a vacant directorship may only be filled by the vote of shareholders at a general meeting. If such vacancy causes the number of appointed directors to fall below the number of directors required under the relevant laws or Articles of Incorporation (three directors are required to be appointed under the Companies Act), the other directors must without delay convene a shareholders' meeting to appoint a successor, and they will be subject to fine of up to ¥1,000,000 if they fail to comply with such obligation. The Stock Exchange has granted us a waiver from strict compliance with this Articles Requirement.

Articles Requirement 4(4) requires that the minimum length of the period during which notice to the issuer of the intention to propose a person for election as a director, and during which notice to the issuer by such person of his willingness to be elected may be given, be at least seven days. Rule 13.70 of the Listing Rules requires an issuer to publish an announcement in accordance with Rule 2.07C or issue a supplementary circular upon receipt of a notice from a shareholder stating the intent to propose a person for election as a director at the general meeting where such notice is received by the issuer after publication of the notice of meeting. There is no equivalent provision in the Articles of Incorporation and the inclusion of a requirement such as Articles Requirement 4(4) in the Articles of Incorporation would be inconsistent with and unenforceable under Japanese law. Pursuant to Article 304 of the Companies Act, a shareholder is permitted to propose an amendment to any such agenda at a shareholders' meeting without any prior notice if such agenda is scheduled to be discussed and determined at the shareholders' meeting. The Stock Exchange has granted us a waiver from strict compliance with this Articles Requirement.

Articles Requirement 4(5) requires that the period for lodgement of the notices referred to in Articles Requirement 4(4) commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days prior to the date of such meeting. There is no equivalent provision in the Articles of Incorporation and the inclusion of such a requirement in the Articles of Incorporation would be inconsistent with and unenforceable under Japanese law. However, in circumstances where the Company receives such a notice from a Shareholder, it will use all means and resources reasonably available to publish the required announcement or issue the required supplementary circular as soon as reasonably practicable before the meeting. Any announcement made in this regard will be made in both English and Chinese on both the Stock Exchange's website and our Company's website. On that basis, the Stock Exchange has granted us a waiver from strict compliance with this Articles Requirement.

### **Redeemable Shares**

Articles Requirement 8 requires that if our Company has the power to purchase for redemption a redeemable share, purchases shall be limited to a maximum price if they are not made through the market or made by tender. If such a purchase is made by tender, then tenders must be available to all shareholders alike. Because the concept of redeemable shares does not exist under Japanese law, our Articles of Incorporation do not contain any provisions in respect of, or grant us the power to issue, any redeemable shares. The Stock Exchange has granted us a waiver from strict compliance with this Articles Requirement.

### **Disclosure of Interests**

Article Requirement 12 requires that no powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to our Company. The Articles of Incorporation do not contain any such restriction on the powers of our Company, but do not afford the power to do so either. In practice there are no relevant provisions of the

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Articles of Incorporation or the Companies Act that would entitle our Company to take such steps. The Stock Exchange has granted us a waiver from strict compliance with this Articles Requirement.

### CONNECTED TRANSACTIONS

Our Group has entered into certain transactions which would constitute continuing connected transactions of our Company under the Listing Rules upon the Listing. The Stock Exchange has granted our Company a waiver from strict compliance with the reporting and announcement requirements under Chapter 14A of the Listing Rules in respect of such connected transactions on the condition that the Joint Sponsors and our Directors, including our independent non-executive Directors, are of the opinion that;

- (i) these transactions have been and shall be entered into in the ordinary and usual course of business of our Group, on normal commercial terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
- (ii) the proposed annual caps for these transactions are fair and reasonable and in the interests of the Shareholders as a whole.

For further information about such waiver, see “Connected Transactions”.

### ISSUE OF ANNUAL REPORT UNDER THE LISTING RULES

Pursuant to Rule 13.46(2) of the Listing Rules, an issuer is required to send a copy of its annual report and accounts or summary financial report to its shareholders within four months after its financial year-end. We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 13.46(2) of the Listing Rules on the following conditions:

- (a) this Prospectus includes audited financial information in respect of the reporting period to which our first annual report relates, being the financial year ended 31 March 2012;
- (b) no financial information regarding the financial year ended 31 March 2012 that would be material has been omitted in this Prospectus;
- (c) we are not in breach of our Articles of Incorporation or the laws or regulations of Japan, where our Company was incorporated, or other regulations regarding our obligation to publish and distribute annual reports and accounts; and
- (d) the sections headed “Relationship with Controlling Shareholders — Corporate Governance Measures” and “Directors and Senior Management — Corporate Governance — Compliance with the Corporate Governance Code” of this Prospectus include statements as to whether we comply or intend to comply with the Corporate Governance Code in Appendix 14 to the Listing Rules or the reasons for any non-compliance.