COMPANY INFORMATION SHEET

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Company Name (stock code): 株式会社ニラク▪ジー▪シー▪ホールディングス (NIRAKU GC HOLDINGS, INC.*) (1245)

Stock Short Name: NIRAKU

This information sheet is provided for the purpose of giving information to the public about 株式会社ニラク▪ジー▪シー▪ホールディングス (NIRAKU GC HOLDINGS, INC.*) (the "**Company**") as at the date specified. The information does not purport to be a complete summary of information about the Company and/or its securities.

* *for identification purpose*

Responsibility statement

The directors of the Company (the "**Directors**") as at the date hereof hereby collectively and individually accept full responsibility for the accuracy of the information contained in this information sheet and confirm, having made all reasonable inquiries, that to be the best of their knowledge and belief the information contained in this information sheet is accurate and complete in all material respects and not misleading or deceptive and that there are no other matters the omission of which would make an information inaccurate or misleading herein.

The Directors also collectively and individually undertake to publish on a yearly basis, when the Company publishes its annual report, this information sheet reflecting, if applicable, the changes to the information since the last publication.

Summary Content

Date of this information sheet: 2 April 2015

Unless the context requires otherwise, capitalised terms used herein shall have the meanings given to them in the Company's prospectus ("**Prospectus**") dated 24 March 2015 and references to sections of the Prospectus shall be construed accordingly.

A. WAIVERS

We have applied for, and have been granted by the Stock Exchange, a number of waivers from strict compliance with certain provisions under the Listing Rules. A summary of these waivers are set out in this section below. These waivers have been granted to us, in part, on the basis of the protections available to our Shareholders under the applicable Japan laws and regulations. Further information in relation to the provisions of laws and regulations applicable to us is set out in "B. Key Japan Legal and Regulatory Matters" and "C. Summary of our Articles of Incorporation and Japan Corporation Law" in this document.

Some of the waivers applied by us were granted by the Stock Exchange on the basis of circumstances which are specific to us. In the event of any changes to these circumstances (including changes in Japan laws and regulations which form the basis of these waivers), we will notify the Stock Exchange as soon as practicable.

A. COMMON WAIVER

Set out below is the common waiver of general effects that was granted to us by the Stock Exchange under Rule 2.04 of the Listing Rules with the prior consent of the SFC:

Relevant Rule(s) waived	Subject matter
Rule 8.12	Sufficient management presence in Hong Kong

MANAGEMENT PRESENCE IN HONG KONG

Under 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 residents in Hong Kong.

Our Group is principally engaged in the business of owning and operating pachinko halls in Japan. The headquarters of our Company are located in Koriyama City (郡山市), Fukushima Prefecture (福島県), Japan, and our operations are managed from our headquarters with pachinko halls located across ten prefectures in Japan. We do not carry out or manage any business activity in Hong Kong.

Our Chairman is the sole Executive Director of our Company. He currently does not, and for the foreseeable future, will not, reside in Hong Kong. Since the main operations of our Group are in Japan, we consider it practically difficult and commercially unviable and unnecessary for our Company to either relocate our Chairman to Hong Kong, or appoint two additional Executive Directors who will ordinarily reside in Hong Kong. We further consider that it is in the best interest of our Company and our Shareholders for our Chairman to attend to his functions and duties in Japan and remain close to our core operations.

Accordingly, our Company does not have, and does not contemplate in the foreseeable future to have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

In light of the aforesaid, we have applied for, and the Stock Exchanged has granted us, a waiver from strict compliance with Rule 8.12 of the Listing Rules on the following conditions:

(a) pursuant to Rules 2.11, 3.05 and 19.36(6) of the Listing Rules, we have appointed two authorised representatives who will act as our principal channel of communication with the Stock Exchange. The two authorised representatives are Mr. Hiroaki KUMAMOTO (熊本浩明) (an Independent Non-executive Director) and Ms. YIU Wai Man Karen (姚慧敏) (one of the joint company secretaries). The authorised representatives will be available to meet with the Stock Exchange on reasonable notice as and when required and will be readily available by telephone, email and facsimile to promptly address the enquiries of the Stock Exchange and their contact details (including mobile phone numbers, residential and office phone numbers and facsimile numbers) have been provided to the Stock Exchange. We will inform the Stock Exchange promptly in respect of any change in the authorised representatives and their alternate(s);

(b) each of the authorised representatives is duly authorised to communicate on behalf of our Company with the Stock Exchange. The authorised representatives will be able to contact our Directors promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matter. Each of our Directors is authorised to communicate on our Company's behalf with the Stock Exchange;

(c) all Directors have provided their mobile phone numbers, office phone numbers, facsimile numbers and email addresses to the Stock Exchange. Each of our Directors is authorised to communicate on our Company's behalf with the Stock Exchange;

(d) each of our Directors (including Independent Non-executive Directors) hold valid travel documents such that he will be available to travel to Hong Kong to meet with the Stock Exchange within a reasonable timeframe upon request of the Stock Exchange;

(e) our Company will retain professional advisers (including legal advisers and accountants) to advise on our on-going compliance obligations and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the Listing;

(f) pursuant to Rule 3A.19 of the Listing Rules, we have appointed Shenyin Wanguo Capital (H.K.) Limited as our compliance adviser who will have access at all times to the authorised representatives, our Directors and the other senior management of our Company. The compliance adviser will be appointed for a period commencing on the Listing Date and ending on the date of despatch of our annual report in respect of our financial results for the first full financial year commencing after the Listing; and

(g) meetings between the Stock Exchange and our Directors could be arranged through the authorised representatives or the compliance adviser, or directly with our Directors, within a reasonable time frame.

Our Directors and the Sole Sponsor have confirmed that the conditions set out under the appendix to the Joint Policy Statement and the Stock Exchange's Guidance Letter HKEx-GL9-09 in relation to this waiver have been fulfilled.

B. ADDITIONAL WAIVERS

Set out below are the additional waivers that were granted to us by the Stock Exchange based on the circumstances that are specific to us:

Relevant Rule(s) waived	Subject matter
Rule 13.70	Announcement of Nomination of Director(s)
Paragraphs 2(2), 3(1), 4(2), 4(4), 4(5), 12 and 14 of Appendix 3 to the Listing Rules	Requirements with respect to our Articles

ANNOUNCEMENT OF NOMINATION OF DIRECTOR(S)

Rule 13.70 of the Listing Rules requires that an issuer publish an announcement or issue a supplementary circular upon receipt of a notice from a shareholder 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. The Note to Rule 13.70 of the Listing Rules further provides that the issuer must assess whether or not it is necessary to adjourn the meeting of the election to give shareholders at least ten business days to consider the relevant information disclosed in the announcement or supplementary circular.

Under article 304 of the Japan Companies Act, a Shareholder is permitted to propose a last minute amendment to the matters included in an existing meeting agenda of a general meeting of our Company without any prior notice if a matter of similar nature is included in the original meeting agenda. Shareholders may propose last-minute amendments to an existing meeting agenda and nominates a person for election as a Director at any time before the relevant general meeting or even at the meeting, if the original meeting agenda includes a proposal of the appointment of a new Director, or Directors, to our Board of Directors. These last-minute amendments are a theoretical mechanism which, according to our Directors' knowledge, is exceptionally rarely put into actual practice in Japan.

In light of these Japan law provisions, the requirements under Rule 13.70 of the Listing Rules are inconsistent with, and unenforceable under, Japan law if any of our Shareholders proposes last-minute amendments to an existing meeting agenda of our general meetings and nominates a person for election as a Director. On such basis, we have applied for, and the Stock Exchange has granted us, a partial waiver from strict compliance with Rule 13.70 of the Listing Rules on the conditions that:

(a) we will use all means and resources reasonably available to us to make an announcement to inform our Shareholders as soon as reasonably practicable upon receipt of last-minute amendments to an existing meeting agenda on the election and/or re-election of Director(s), so long as it is made before the date of the relevant general meeting; and

(b) we will publish the above announcement on the Stock Exchange's website and the website of our Company in English and Chinese.

The partial waiver referred to above only applies to circumstances where a Shareholder, pursuant to the Japan Companies Act, proposes last-minute amendments to an existing meeting agenda of our Company's general meetings and nominates a person for election as a Director. On all other occasions, we will comply with the requirements under Rule 13.70 of the Listing Rules.

Our Directors and the Sole Sponsor have confirmed that the Stock Exchange's approach set out in the Country Guide with respect to Rule 13.70 of the Listing Rules is adopted. Our Company considers that the protections afforded to our Shareholders, considering the voluntary measures set out above in place, will be comparable to the relevant requirements under the Listing Rules.

ARTICLES OF INCORPORATION

Appendix 3 to the Listing Rules provides that the articles of association or equivalent document of an issuer must conform with the provisions set out in that appendix and, where necessary, a certified copy of a resolution of the board of directors or other governing body undertaking to comply with the appropriate provisions must be lodged with the Stock Exchange.

Our Articles do not contain equivalent provisions in compliance with certain requirements under Appendix 3 to the Listing Rules on the basis that the protections afforded to our Shareholders are comparable to those available under the Listing Rules pursuant to those requirements. Set out below are the comparable shareholders protections offered under the Japan regime of each of the relevant requirements under Appendix 3 to the Listing Rules and any difference between the Japan legal and regulatory requirements and the requirements under the Listing Rules.

Definitive certificates

Paragraph 2(2) of Appendix 3 to the Listing Rules provides that where the power is taken to issue share warrants to bearer, 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.

Our Articles contain no equivalent provision. The concept of share warrants was abolished with the introduction of the Japan Companies Act in 2006. Our Company may issue SARs in lieu of share warrants and we may issue certificates representing SARs. Under Japan law, any holders of SARs who have lost certificates may not request the re-issue of their certificate unless they have obtained a decision for invalidation by a court of justice in Japan as provided under article 106(1) of the Non-contentious Cases Procedures Act* (非訟事件手続法) of Japan (Act No. 51 of 2011), in accordance with article 291 of the Japan Companies Act.

We consider that the protections afforded to our Shareholders under the Japan law provisions above are comparable to those available under paragraph 2(2) of Appendix 3 to the Listing Rules.

Dividends

Paragraph 3(1) of Appendix 3 to the Listing Rules provides that any amount paid up in advance of calls on any share may carry interest, but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.

Our Articles contain no equivalent provision. Under Japan law, there is no concept of amounts paid up in advance of calls on shares. Articles 208 and 209 of the Japan Companies Act provide that all consideration due for shares issued by a Japanese company must be paid in full on their issue, at which point the party subscribing for such shares will become entitled to dividends declared by that company on record dates on or after such issue.

We consider that, under Japan law, there are no circumstances under which paragraph 3(1) of Appendix 3 to the Listing Rules would apply to us since amounts may not be paid in advance of calls on our Shares.

Casual vacancy

Paragraph 4(2) of Appendix 3 to the Listing Rules provides that any person appointed by the directors to fill a casual vacancy on the board must hold office only until the following annual general meeting and will then be eligible for re-election.

Our Articles contain no equivalent provision. Under article 329 of the Japan Companies Act, a vacant directorship may only be filled following a vote of shareholders in a general meeting. If the vacancy causes the number of appointed directors to fall below the number of directors

required either under the articles of incorporation* (定款) or the Japan Companies Act, the remaining director(s) must without delay convene a general meeting to appoint additional director(s). Failure to do so will subject the remaining director(s) to a maximum fine of ¥1 million.

Under the Japan Companies Act, a minimum of three Directors are required to be appointed. Under our Articles, the number and composition of our Board must at all times comply with the relevant requirements under the Listing Rules (such as the requirement to appoint at least three Independent Non-executive Directors under Rule 3.10(1) of the Listing Rules). Upon Listing, when the number and composition of our Board fall short of the requirements under the Listing Rules, the remaining Directors will without undue delay convene a general meeting to appoint additional Director(s) in accordance with our Articles and the Japan Companies Act.

In addition, under limited circumstances, the court may appoint a person to fill up a vacant directorship on a temporary basis under the Japan Companies Act. Our Articles provide that any Director so appointed by the court shall hold office only until the following AGM.

We consider that, under Japan law, there are no circumstances under which paragraph 4(2) of Appendix 3 to the Listing Rules would apply to us as no person shall be appointed by our Directors to fill a casual vacancy under the Japan Companies Act.

Nomination of Director(s)

Paragraph 4(4) of Appendix 3 to the Listing Rules provides that the minimum length of the period for notice to propose a person for election as a director and that person to notify the issuer of his willingness to be elected, must be at least seven days. Paragraph 4(5) of Appendix 3 to the Listing Rules provides that period for lodgement of the notices referred to in paragraph 4(4) shall 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.

Our Articles contain no equivalent provision. Under the Japan Companies Act, a Shareholder is permitted to propose a last-minute amendment to the matters included in an existing meeting agenda of a general meeting of our Company without any prior notice if a matter of similar nature is included in the original meeting agenda. Shareholders may propose last-minute amendments to an existing meeting agenda and nominates a person for election as a director at any time before the relevant general meeting or even at the meeting, if the original meeting agenda includes a proposal of the appointment of a new Director, or Directors, to our Board of Directors. These last-minute amendments are a theoretical mechanism which, according to our Directors' knowledge, is exceptionally rarely put into actual practice in Japan.

In light of these Japan law provisions, the requirements under paragraphs 4(4) and 4(5) of Appendix 3 of the Listing Rules are inconsistent with, and unenforceable under, Japan law if any of our Shareholders proposes last-minute amendments to an existing meeting agenda of the general meetings of our Company and nominates a person for election as a Director.

We have adopted the following voluntary measures to afford our Shareholders protections comparable to those available under paragraphs 4(4) and 4(5) of Appendix 3 to the Listing Rules:

(a) we will use all means and resources reasonably available to us to make an announcement to inform our Shareholders as soon as reasonably practicable upon receipt of a proposal to make last-minute amendment to an existing meeting agenda on the election and/or re-election of Director(s), so long as it is made before the date of the relevant general meeting; and

(b) we will publish the above announcement on the Stock Exchange's website and the website of our Company in English and Chinese.

Our Directors and the Sole Sponsor have confirmed that the Stock Exchange's approach as set out in the Country Guide with respect to paragraphs 4(4) and 4(5) of Appendix 3 to the Listing Rules is adopted. Our Company considers that the protections afforded to our Shareholders, considering the voluntary measures in place, will be comparable to the relevant requirements under the Listing Rules.

Disclosure of Interests

Paragraph 12 of Appendix 3 to the Listing Rules provides that no power 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 the company.

Our Articles contain no equivalent provision. Under Japan law, there are no circumstances where a company would be empowered to take action on a shareholder's failure to disclose their interests to the company. As such, any amendment made to our Articles pursuant to this requirement will be redundant and unnecessary under Japan law.

Untraceable members

Paragraph 13(1) of Appendix 3 to the Listing Rules provides that an issuer must not stop sending dividend warrants by post until these warrants are left uncashed on two consecutive occasions. However, an issuer may stop sending dividend warrants after the first occasion on which one is returned undelivered.

Under article 196(1) of the Japan Companies Act, in cases where notices (including dividend warrants) have not reached a Shareholder for five consecutive years, our Company is no longer required to give notices to the relevant Shareholder. Instead, the Shareholder shall collect the notices (including dividend warrants) from our Company at our registered office.

We consider that the protections afforded to our Shareholders under the Japan law provisions above are comparable to those available under paragraph 13(1) of Appendix 3 to the Listing Rules.

Material interests in a transaction

Paragraph 14 of Appendix 3 to the Listing Rules provides that, where any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or resolution shall not be counted.

Our Articles contain no equivalent provision. Under Japan law, a company shall not amend its constitutional document to restrain or restrict its shareholders, including controlling shareholders, from voting on any particular resolution. Each Shareholder is, in general, entitled to a single vote for each Share he holds in our Company and we may not restrict this right in the circumstances provided under the Listing Rules and the Takeovers Code.

To afford our Shareholders protections comparable to those available under paragraph 14 of Appendix 3 to the Listing Rules, our Shareholders have resolved to adopt the following alternative provisions in our Articles:

"Where a transaction or arrangement or contract or other matter is required to be approved by our Shareholders under the Listing Rules and/or the Takeovers Code:

(a) a general meeting shall be convened to seek our Shareholders' approval of such matter;

(b) our Hong Kong Share Registrar shall count the votes casted at the said general meeting in accordance with the criteria and requirements under the Japan Companies Act;

(c) we shall appoint our compliance adviser or another independent financial or legal adviser to review the votes counted by our Hong Kong Share Registrar and confirm that the resolution would have been successfully passed if the votes cast had excluded the votes of our Shareholders that would otherwise be required to be abstained or otherwise uncounted under the Listing Rules and/or the Takeovers Code; and

(d) the Shareholders' approval referred to in item (a) above and the confirmation referred to in item (c) above shall be made conditions precedent in the relevant transaction agreement and we shall implement such matter only if both conditions have been satisfied."

We consider that the alternative provisions in our Articles set out above will allow us to comply with (i) the abstention requirements under Rule 2.15 of the Listing Rules and other relevant requirements under the Listing Rules which specifically apply these abstention requirements; and (ii) the abstention requirements under the Takeovers Code with respect to transactions that require independent Shareholders' approval.

Further details on our voluntary abstention process with regard to voting in a general meeting are set out in "B. Key Japan Legal and Regulatory matters — B. Shareholders' Meetings — Material Interests in a Transaction". Our Directors and the Sole Sponsor have confirmed that the Stock Exchange's approach as set out in paragraphs 6.2 to 6.5 of the Country Guide is adopted. Our Company considers that the protections afforded to our Shareholders, considering the alternative provisions in our Articles in place, will be comparable to the relevant requirements under the Listing Rules.

Waiver

We have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with paragraphs 2(2), 3(1), 4(2), 4(4), 4(5), 12 and 14 of Appendix 3 to the Listing Rules on the basis that the protections available to our Shareholders under, as the case may be, the Japan law provisions, our Articles and/or the voluntary measures adopted by us are comparable to those available under the relevant requirements under the Listing Rules on the conditions that our Directors and the Sole Sponsor have confirmed that they are of the view that:

(a) the substantive differences between our Articles and paragraphs 2(2), 3(1), 4(2), 4(4), 4(5), 12 and 14 of Appendix 3 to the Listing Rules (given, as the case may be, the Japan law provisions, alternative provisions adopted in our Articles, and the voluntary measures put in place by us) are not material; and

(b) the level of protections under our Articles, the Japan Companies Act and all other applicable legislations, regulations, regulatory guidance and practices in Japan taken as a whole is largely commensurate to the shareholders' protections provided under paragraphs 2(2), 3(1), 4(2), 4(4), 4(5), 12 and 14 of Appendix 3 to the Listing Rules (given, where applicable, the voluntary measures put in place by us), and any residual difference between our Articles and Appendix 3 to the Listing Rules are prominently disclosed in the Prospectus.

B. KEY JAPAN LEGAL AND REGULATORY MATTERS

Our Company is a stock company (株式会社) incorporated under the Japan Companies Act and our entire business operation is conducted in Japan. We are therefore subject to the Japan Companies Act and other applicable laws and regulations in Japan. The legal and regulatory regime in Hong Kong differs in certain material aspects from that in Japan. Set out below is a summary of certain provisions under our Articles, the Japan Companies Act and other relevant legislations, regulations, rules and policies in Japan that we consider may be material to our Shareholders and potential investors. As the information contained below is in summary form, it does not contain all of the information that may be important to you as potential investors.* ***If you are in any doubt about any content of this document in general, you should obtain independent professional advice.***

A. BEARER SHARES

Under Japan law, our Shares are "*bearer shares*" in nature. A bearer, or a physical holder, of a share certificate issued by our Company is recognised as the owner of the Shares represented by it. Ownership of our Shares can be transferred simply by the delivery of our share certificates, with or without the transferor and the transferee having signed any document evidencing such transfer. This creates inherent risks for Shareholders and potential investors who choose to hold our Shares by physical possession of share certificates.

Set out below is a summary of certain aspects of Japan law provisions relevant to the ownership and transfer of our "*bearer shares*", the risks associated with these provisions and our recommended measures for our Shareholders and potential investors to mitigate these risks.

Ownership and title

Under the Japan Companies Act, if a company states in its articles of incorporation* (定款) that physical share certificates must be issued for its shares, its shares are "*bearer shares*". Our Articles provide that our Company must issue physical share certificates for our Shares, and our Shares are as such "*bearer shares*" in nature. Japan law provisions regarding the ownership of, and the title to, our *bearer* Shares are significantly different from those under the laws of Hong Kong and other common law jurisdictions.

General provisions under Japan law

With respect to a company with "*bearer shares*", Japan law generally recognises a bearer, or a physical holder, of a share certificate as the owner of the shares represented by such share certificate, regardless of whether the name of that bearer appears on such share certificate. It is generally recognised under Japan law for the ownership of the shares of a Japan company to be transferred simply by the delivery of share certificates, with or without the transferor and the transferee having signed any document evidencing such transfer. Bearers, or physical holders of share certificates are presumed under Japan law to have legal rights over the shares represented by such certificates.

Notwithstanding these Japan law provisions, it is provided under our Articles and the Japan Companies Act that title to our Shares shall not be perfected against our Company until and unless a person's name and address are recorded in our Share Register. Under article 130 of the Japan Companies Act, a company is not obliged to treat anyone as a shareholder unless and until he/she is registered as a shareholder on its share register. As an enhanced measure of Shareholders' protection, our Articles provide that our Company shall not associate any Shareholder's right (such as voting rights and rights to receive dividends) with any person unless his/her name appears on our Share Register in reliance on the above provision under the Japan Companies Act. Our Japan Legal Adviser has confirmed that the aforementioned Articles provisions are in compliance with all relevant Japan law.

Our Company is required under Japan law to register bearers, or physical holders of our share certificates as a Shareholder in our Share Register without any onerous condition unless we have *reasonable grounds* not to do so.

Failure to register interests in our Shares in our Share Register could result in the misappropriation or loss of a Shareholder's rights. In particular, under Japan law, our Company does not have the right to take action on a Shareholder's failure to disclose his/her interests to our Company. Hence, potential investors are strongly cautioned to register your interests in our Shares in our Share Register after you have properly acquired title in our Shares, following the procedures set out in "— Transfer of Shares" in this section below.

Risks associated with bearer shares

Our "*bearer shares*" create inherent risks for our Shareholders and potential investors who choose to hold our Shares by physical possession of our share certificates. These risks include:

(i) *lost or destroyed share certificates* - Shareholders and potential investors might lose the ownership and value of our Shares represented by a share certificate if it is lost or destroyed;

(ii) *unauthorised third party acquiring the Shares* - an unauthorised third party coming into possession of a lost share certificate might seek to be recognised as a Shareholder, thereby acquiring the ownership and value of the Shares represented by the lost share certificate and the rights attached to those Shares; and

(iii) *non-transferability* - Shareholders and potential investors who have reported a lost or destroyed share certificate to our Company will not be able to register a transfer of the Shares represented by the lost or destroyed share certificate or otherwise deposit such Shares into CCASS for trading on the Stock Exchange during a mandatory one-year waiting period prescribed under Japan law.

See "— A. Bearer Shares — Lost / destroyed share certificates" in this section below for details of the consequences for our Shareholders and potential investors if their share certificates are lost or destroyed. Potential investors may also refer to "*Understanding the Risks of Investing in Overseas Issuers*" in the Stock Exchange's website, "*Investor Relations — Key Japan Legal and Regulatory Matters*" in our Company's website, or the circulars despatched by HKSCC to the CCASS Participants from time to time.

To mitigate the risks associated with our "*bearer shares*", we recommend a number of measures for our Shareholders and potential investors and have adopted certain voluntary measures, both of which are set out below.

Recommended measures for our Shareholders and potential investors

1. *Holding your investments through CCASS* - CCASS Beneficial Owners, who are investors of our Company holding their underlying interests in our Shares through CCASS, are not exposed to the risks associated with our "*bearer shares*" as they do not physically possess our share certificates. Interests of CCASS Beneficial Owners are essentially held and traded in scripless, or paperless, form within CCASS. To become a CCASS Beneficial Owners, apply for the Hong Kong Offer Shares by completing the **YELLOW** Application Forms or giving electronic instructions to HKSCC. See "How to Apply for Hong Kong Offer Shares" in the Prospectus for details.

   Due to certain Japan legal and regulatory provisions, CCASS Beneficial Owners are subject to the following disadvantages:

   (i) ***Withholding tax***: CCASS Beneficial Owners are subject to an initial withholding tax rate of 20.420% on dividend payments as our Company is unable to ascertain the identity, and consequently the tax residence, of the CCASS Beneficial Owners. This tax rate is, in general, higher than that applicable to Shareholders who hold their investments in our Company by physical possession of share certificates. CCASS Beneficial Owners may apply for a refund of taxes withheld in excess to the National Tax Agency in Japan but there may be delays in obtaining the refund payments. See "— E. Taxation" in this section below for details.

   (ii) ***Currency of dividend payment***: unlike Shareholders who hold their investments in our Company by physical possession of share certificates, CCASS Beneficial Owners do not have the option to elect the currency of their dividend payments. All dividends payable to the CCASS Beneficial Owners will be in Hong Kong Dollars. See "— C. Shareholders' Rights — Dividends — Currency of Dividend Payments" in this section below for details.

(iii) ***Shareholders' rights***: CCASS Beneficial Owners are not recognised as a Shareholder under Japan law and are not presumed to be entitled to Shareholders' rights. They rely on HKSCC Nominess to exercise the rights on their behalf in the same way it does for shareholders of other companies listed on the Stock Exchange the shares of which are deposited into CCASS.

(iv) ***Inspection of Share Register***: CCASS Beneficial Owners are not recognised as a Shareholder under Japan law and they may not inspect our Share Register unless allowed to do so under the Personal Information Protection Act. See "— C. Shareholders' Rights — Inspection of our Share Register" for details.

(v) ***Voting on last-minute amendments***: under Japan law, after the convocation notice of a general meeting has been despatched, a Shareholder is permitted to propose last-minute amendment(s) to the matters included in an existing meeting agenda of a general meeting without any prior notice, if a matter of similar nature is included in the original meeting agenda. CCASS Beneficial Owners, who customarily do not attend general meetings in person, may lose the chance to vote on a last-minute amendment at their own will. See "— B. Shareholders' Meetings — Request for last-minute amendment to a meeting agenda" for details.

Despite these disadvantages, given the risks associated with our "*bearer*" Shares (which are very significant in the opinion of our Directors), **it is our Board's strong recommendation that potential investors should hold your investments in our Company through CCASS.**

2. *Surrendering your share certificates* - Shareholders and potential investors who choose to invest outside CCASS and physically possess our share certificates are recommended to surrender their share certificates to our Company. Surrendered share certificates will be cancelled and the risks associated with our "*bearer shares*" will no longer apply. However, before a Shareholder may transfer or trade the Shares represented by a surrendered share certificate or otherwise deposit the Shares into CCASS, they must wait for a period of up to six business days for a new share certificate to be re-issued. See "— A. Bearer Shares — Share certificate surrender" in this section below for details. Successful applicants or partially successful applicants of the Hong Kong Offer Shares wishing to surrender their share certificates should apply through our Hong Kong Share Registrar immediately upon receipt of their share certificates.

Share certificates will be sent to successful or partially successful applicants by registered post. If you do not elect to adopt the recommended measures above, you run the risks associated with our "*bearer shares*" and are highly cautioned to, above all, safe-keep your physical share certificates at all times.

Voluntary measures adopted by our Company

We have put in place the following voluntary measures to minimise your exposure to the risks associated with our "*bearer shares*" for our Shareholders other than CCASS Beneficial Owners:

1. *Registration of share transfers*

Upon Listing, our Company will be subject to certain requirements in Hong Kong to register transfers of our Shares and other documents relating to or affecting the title to our Shares. These include paragraph 1(1) of Appendix 3 to the Listing Rules and the Stamp Duty Ordinance. To comply with these requirements, we have amended our Articles to adopt the following internal procedures for share certificates and share transfers:

(i) our Company will issue share certificates in registered form with the names and addresses of our Shareholders imprinted thereon;

(ii) any person seeking to have his/her name and address recorded as a Shareholder in our Share Register must present an instrument of transfer and/or a contract note duly stamped pursuant to the Stamp Duty Ordinance and executed by such person (as transferee) and the original holder of the relevant Shares (as transferor) whose name(s) appear on the relevant share certificate and our Share Register (the "*record Shareholder*");

(iii) our Company will regard a standard transfer form customarily adopted by listed companies on the Stock Exchange or a transfer form printed at the back of the share certificates as an acceptable instrument of transfer and/or a contract note referred to in paragraph (ii) above;

(iv) where the transferor or transferee is a clearing house, execution by hand or machine-imprinted signature will be accepted for the purpose of paragraphs (ii) and (iii) above; and

(v) our Share Register maintained in Hong Kong will be our sole and principal share register.

See "— A. Bearer Shares — Transfer of Shares" in this section below for detailed procedural and documentary requirements. Our Directors have undertaken to the Stock Exchange not to put forward any proposal to our Shareholders which would otherwise revoke these Articles provisions so long as our Shares are listed on the Stock Exchange, unless and until our Company ceases to issue share certificates upon implementation of a scripless, or paperless securities market on the Stock Exchange.

Our Japan Legal Adviser is of the view that the Articles provisions set out above should be permissible under the applicable Japan laws and regulations that are currently in force as at the date of the Prospectus. This is on the basis that (i) we are allowed under Japan law to impose

documentary and procedural requirements to register a person as a Shareholder in our Share Register if we have *reasonable grounds* to do so; and (ii) our obligations to, as a company listed on the Stock Exchange, comply with paragraph 1(1) to Appendix 3 to the Listing Rules and the Stamp Duty Ordinance would likely be regarded as a *reasonable ground*; and (iii) the Articles provisions set out above are disclosed to our Shareholders and potential investors in the Prospectus.

Notwithstanding the views of our Japan Legal Adviser above, you should note that the Articles provisions set out above have not been tested in a Japan court. It is possible for a bearer, or physical holder, of our share certificate to initiate legal proceedings against these Articles provisions and require a Japan court to recognise him/her as a Shareholder of our Company. We consider that the likelihood of these legal proceedings is remote, as substantially all potential investors are expected to hold their investments in our Company through CCASS as in the case of most companies listed on the Stock Exchange. Nevertheless, we have been advised by our Japan Legal Adviser that our Articles provisions are highly likely to be upheld by a Japan court.

See "Risk Factors — Risks Relating to Key Japan Legal and Regulatory Matters — Our Shares are "bearer shares" in nature and there are significant risks associated with physical possession of Share certificates in the Prospectus and "Risk Factors — Risks Relating to Key Japan Legal and Regulatory Matters — Our Articles provisions on the registration of share transfers are not judicially precedented in Japan and may be challenged in court" in the Prospectus for the residual risks associated with our "*bearer shares*" despite the internal rules we put in place.

CCASS Beneficial Owners are not subject to the Articles provisions above and may trade, transfer and deal in our Shares electronically under the customary procedures in Hong Kong and arrangements made with their respective securities brokers.

2. *Single Share Register maintained in Hong Kong*

To minimise the risks exposed to our Shareholders and potential investors in respect of our "*bearer*" Shares, our Articles provide that our Hong Kong Share Registrar will maintain our Share Register, which will be our sole and principal share register, in Hong Kong upon Listing. All issued Shares of our Company will be registered in our Share Register and subject to the Articles provisions set out in "— A. Bearer Shares — Voluntary Measures adopted by our Company — 1. Registration of Share Transfers" in this section above. This includes any application for registration of share transfer lodged with our headquarters in Japan. See "— A. Bearer Shares — Transfer of Shares" in this section below for details.

Our Japan Legal Adviser has confirmed that there is no provision under Japan law under which our Company is required to appoint a share registrar or transfer agent based in Japan or maintain a share register within the Japanese territory. Our Hong Kong Share Registrar will be responsible for the customary share registrar duties as required under the Listing Rules.

3. *Adoption of scripless securities model*

As a permanent solution to the risks associated with our "*bearer shares*", our Company has undertaken to use all reasonable endeavours to, subject to Shareholders' approval, adopt the scripless, or paperless securities model as soon as all relevant legislations, rules and regulations have been enacted and in place for the implementation of a scripless securities market on the Stock Exchange. Under the scripless securities model currently proposed by the Stock Exchange and the SFC, our Company will cease to issue share certificates and all risks associated with our "*bearer shares*" will no longer apply.

The relevant legislative changes to implement a scripless securities market on the Stock Exchange have been gazetted and tabled at the Legislative Council of Hong Kong in June 2014.

Transfer of Shares

Our Articles provide that transfers of our Shares are free from restrictions or limitation and do not require approval from our Board of Directors or Shareholders. Set out below are the procedures and documentary requirements for registering a share transfer in our Share Register.

Shareholders outside CCASS (WHITE Application Form / White Form eIPO applicants under the Hong Kong Public Offering)

Shareholders who choose to invest outside CCASS may lodge an application for registering a transfer in our Share Register either with our Hong Kong Share Registrar or our Company's headquarters in Japan, subject to the same documentary requirements:

	Hong Kong Share Registrar	Headquarters in Japan
Address	Shops 1712-1716, 17/F Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong	1-39 Hohaccho 1-chome, Koriyama-shi, Fukushima, Japan
Office hours	9:00 a.m. to 4:30 p.m. (Hong Kong time)	9:00 a.m. to 5:00 p.m. (Japan time)
Processing time	up to ten business days	ten business days
Documentary requirements	Applicants for registration of share transfers are required to produce the following documents, or the relevant application will not be processed: • share certificates representing the Shares to be transferred; and • an acceptable transfer document which must conform to the requirements under the Stamp Duty Ordinance and be an instrument of transfer and/or contract note duly executed by the transferee and the transferor, whose name and address is recorded as the record Shareholder in our Share Register. An acceptable transfer document can be a standard transfer form customarily adopted by companies listed on the Stock Exchange or a transfer form printed at the back of the share certificates.	

Our Share Registrar will also record the applicant's signature on the relevant transfer document as specimen signature for future verification purpose. Applications made with our headquarters in Japan must be made in person.

It is the responsibility of the applicant to contact the record Shareholder to sign as the transferor on the transfer document before making an application to us. If an applicant cannot locate the record Shareholder to sign on the relevant transfer document, or if the record Shareholder refuses to sign on the same, the relevant application will not be processed. For simultaneous multiple transfers, a separate transfer document is required for each such transfer.

CCASS Beneficial Owners (YELLOW Application Form / electronic applicants via HKSCC under the Hong Kong Public Offering)

CCASS Beneficial Owners are not subject to the procedures and requirements above and may trade, transfer and deal in our Shares electronically under the customary procedures in Hong Kong and arrangements made with their respective securities brokers.

Lost / Destroyed share certificates

Procedures for replacement of lost or destroyed share certificates adopted by our Company differ from those under the Companies Ordinance in Hong Kong and those adopted by most companies listed on the Stock Exchange.

Consequences of lost / destroyed share certificates

A Shareholder is exposed to significant risks if he/she loses its share certificate or has it destroyed. He/she may lose the value of our Shares represented by the lost or destroyed share certificate (together with the rights attached to those Shares) and run the risk of an unauthorised third party coming into contact of a lost share certificate and requiring a Japan court to recognise him/her as a Shareholder.

Shareholders are required to report a lost or destroyed share certificate to our Company through our Hong Kong Share Registrar. We are not allowed under Japan law to re-issue a replacement share certificate in lieu of a lost or destroyed share certificate until the expiry of a mandatory one-year waiting period prescribed under Japan law. There is no circumstance under Japan law under which we are able to shorten the one-year waiting period.

During the one-year waiting period, we are required to handle the relevant Shareholders' rights in accordance with the Japan Companies Act as follows:

(i) the person whose name and address are recorded in our Share Register as the holder of the relevant Shares (i.e. the record Shareholder) will continue to be treated as our Shareholder;

(ii) dividends, if declared, will be paid to the record Shareholder;

(iii) no person may effect a valid registration of a transfer of the relevant Shares or otherwise deposit the Shares into CCASS for trading on the Stock Exchange, subject to the circumstances set out in "— Cancellation of a lost/destroyed share certificate report" below;

(iv) no other person will be registered as a holder of the relevant Shares in our Share Register;

(v) a record Shareholder who reports a lost or destroyed share certificate will continue to be entitled to exercise all voting rights attached to the relevant Shares.

Under Japan law, there are limited circumstances whereby a person other than the record Shareholder may report a lost or destroyed share certificate. These include an unregistered owner of our Shares who has lost his/her share certificates prior to registering a valid transfer in our Share Register. In order to report a lost or destroyed share certificate, such unregistered owner must present an acceptable transfer document, which must conform to the requirements under the Stamp Duty Ordinance and be an instrument of transfer and/or contract note duly executed by the transferee and the record Shareholder as the transferor. In that case, no one shall be entitled to exercise the voting rights attached to the relevant Shares during the one-year waiting period. If an unregistered owner fails to present an acceptable transfer document, no report of lost or destroyed share certificate will be accepted and no replacement share certificate will be issued. In that case, an unregistered owner may seek to assert his/her title with a competent court in Japan.

CCASS Beneficial Owners are not subject to the risks associated with the loss or destruction of share certificates, including the one-year waiting period, as they do not physically possess share certificates. You are strongly recommended to hold your investments in our Company through CCASS. Due to certain Japan legal and regulatory provisions, **CCASS Beneficial Owners are subject to certain disadvantages**. See "— A. Bearer Shares — Ownership and Title — Recommended measures for our Shareholders and potential investors" in this section above for details.

Reporting a lost / destroyed share certificate

We accept reports of lost or destroyed share certificates through our Hong Kong Share Registrar. We do not handle lost or destroyed share certificates at our headquarters in Japan.

Cancellation of a lost / destroyed share certificate report

If a lost share certificate is recovered, the person who filed the original lost share certificate report shall inform our Hong Kong Share Registrar to release himself/herself from the one-year waiting period.

There are limited circumstances whereby an unauthorised third party might come into possession of a share certificate reported as lost and seek to be recognised as a Shareholder. In that case, we are required under Japan law to terminate the one-year waiting period and a

replacement share certificate will not be issued to the person who filed the original lost share certificate report. We consider that these circumstances are very rare in practice as substantially all of our potential investors are expected to hold their investments in our Company through CCASS, as in the case of most companies listed on the Stock Exchange.

It is a provision under our Articles that no one shall be registered as a Shareholder in our Share Register unless an acceptable transfer document (which must conform to the requirements under the Stamp Duty Ordinance and be an instrument of transfer and/or contract note duly executed by the transferee and the record Shareholder as the transferor) is presented to us. As such, an unauthorised bearer of a share certificate reported as lost will not be recognised as a Shareholder in our Share Register unless he/she is able to present an acceptable transfer document. In that case, an unauthorised bearer may seek to assert his/her title with a competent court in Japan if he/she believes that he/she has genuine and valid title to the relevant Shares.

Once we become aware that an unauthorised bearer of a share certificate reported as lost is seeking to be recognised as a Shareholder, we will notify the record Shareholders through our Hong Kong Share Registrar by writing to his/her registered address recorded in our Share Register. Record Shareholders may assert his/her title with a competent court in Japan. It is therefore important to update your contact details with our Hong Kong Share Registrar from time to time.

Share certificate surrender

Shareholders and potential investors who choose to invest outside CCASS are encouraged to surrender their share certificates to us. Surrendered share certificates will be cancelled and the risks associated with our "*bearer shares*" will no longer apply.

Implications of share certificate surrender

Surrendered share certificates will be cancelled, void and destroyed and our Share Register will indicate that no share certificate exists in respect of the Shares represented by them. As such, the risks associated with our "*bearer shares*", including the risks associated with a lost or destroyed share certificate, will no longer apply.

However, you should note that our Hong Kong Share Registrar may take up to six business days to re-issue a new share certificate in lieu of a surrendered share certificate. During the waiting period of up to six business days, the relevant Shares may not be transferred or otherwise deposited into CCASS for trading on the Stock Exchange. This will in particular affect Shareholders and potential investors who seek to trade the Shares on a "*T+2*" basis, whereby dealings in Shares on the Stock Exchange customarily take place two business days prior to settlement. The waiting period of up to six business days may lead to settlement failure. It is the responsibility of individual Shareholder to carefully formulate their investment schedule, taking into account the waiting period of up to six business days to avoid settlement failure.

See "Risk Factors — Risks Relating to Key Japan Legal and Regulatory Matters — Surrendered Share certificates can only be re-issued after a waiting period of up to six business days, which could result in settlement failures" in the Prospectus for details.

Our Directors have been advised that the waiting period of up to six business days does not contravene the provisions under Rules 13.59 and 13.60(1) of the Listing Rules.

Surrendering your share certificates

We accept applications for surrendering a share certificate through our Hong Kong Share Registrar. We do not handle share certificate surrenders at our headquarters in Japan.

Any record Shareholder whose name and address appears on our Share Register is entitled to surrender their share certificates to us. To apply, he/she must bring along (i) the share certificates he/she is seeking to surrender; (ii) identity proof; (iii) a completed and duly signed share certificate surrender form; (iv) specimen signature of such Shareholder (in case of individual Shareholders) or authorised corporate representative (in case of corporate Shareholders) to our Hong Kong Share Registrar. Surrendered share certificates will be acknowledged by a written receipt. Shareholders wishing to check or verify the record of their shareholdings in respect of their surrendered share certificates may request to inspect and/or print a copy of our Share Register in accordance with the requirements and procedures set out in "— C. Shareholders' Rights — Inspection of our Share Register" in this section below.

Successful applicants or partially successful applicants of the Hong Kong Offer Shares wishing to surrender their share certificates should apply though our Hong Kong Share Registrar immediately upon receipt of their share certificates. Share certificates will be despatched by registered post, at the applicants' own risks.

Re-issuing a new share certificate in lieu of a surrendered share certificate

A new share certificate can be re-issued in lieu of a surrendered share certificates by applying to our Hong Kong Share Registrar. To apply, a Shareholder must bring along (i) identity proof; and (ii) a completed and duly signed share certificate re-issuance form, the signature(s) on which must match the ones on the share certificate surrender form, to our Hong Kong Share Registrar.

B. SHAREHOLDERS' MEETINGS

Set out below are the Japan law provisions with respect to matters relating to the convocation of and voting in our general meetings which in our opinion are relevant to our Shareholders and potential investors and materially differ from the conventional requirements applicable to other companies listed on the Stock Exchange.

Record date

Our AGM is usually held in June every year. Our Articles provide that our Board of Directors may from time to time designate a record date for our AGMs and extraordinary general meetings. A record date is the date for determining the list of eligible Shareholders entitled to vote in our AGMs and extraordinary general meetings. We may also set the same or a different record date to determine the eligibility of our Shareholders to receive dividends and/or other distributions.

AGMs

Under the Japan Companies Act, an AGM must be held within three months from the record date. Upon Listing, we plan to set our (i) record date for attendance and voting at our AGM shortly before the despatch date of our AGM convocation notice; and (ii) record date for final dividend entitlement shortly after the announcement of any final dividend declared. To comply with the requirements under the Japan Companies Act and Rule 13.66(1) of the Listing Rules, a record date in relation to our AGMs and final dividend, if any, will be announced by public notice in Japan, which will be replicated on the Stock Exchange's website and our Company's website in English and Chinese, at least 14 days prior to the proposed record date.

Our Directors have been advised that Rule 13.66(2) of the Listing Rules does not apply to us as our dividend payments (annual, interim or other) are not subject to Shareholders' approval under our Articles.

Extraordinary general meetings

Our Board of Directors may under the Japan Companies Act set a record date of an extraordinary general meeting. To comply with the requirements under the Japan Companies Act, a record date in relation to our extraordinary general meetings will be announced by public notice in Japan, which will be replicated on the Stock Exchange's website and our Company's website in English and Chinese, at least 14 days prior to the proposed record date.

Interim and other dividend payments

Upon Listing, we plan to set our record date for interim or other dividend entitlement shortly after the announcement of any interim or other dividend declared. To comply with the requirements under the Japan Companies Act and Rule 13.66(1) of the Listing Rules, a record date in relation to our interim or other dividend, if any, will be announced by public notice in Japan, which will be replicated on the Stock Exchange's website and our Company's website in English and Chinese, at least 14 days prior to the proposed record date.

Shareholders who acquire our Shares after the record date will not be entitled to vote in our general meetings and/or receive dividend payment, if any.

Notice and distribution of annual report and accounts

Under Japan law and our Articles, we are required to convene our AGM within three months after the day following 31 March, which is the last day of each financial year. Under our Articles and the Listing Rules, we are required to despatch the convocation notice of our AGM at least 21 days prior to the date thereof. Upon Listing, we will, as required under the Listing Rules and the Japan Companies Act, prepare and despatch the following documents together with our AGM convocation notice:

(a) a business report* (事業報告), which would include overview of our key business status, such as, the progress and results of the business, capital expenditures and fund-raising, trends in assets and profit/loss in the most recent three financial years, corporate reorganisations, status of major subsidiaries, shares outstanding and major shareholders, SARs, operation systems, and a status update of other important aspects of our business. Our business report* (事業報告) will be prepared in Japanese, English and Chinese upon Listing;

(b) an audited financial report, which would include material annual financial information such as the auditor's report and opinion, the consolidated statement of income, consolidated balance sheet, consolidated statement of changes in net assets, and notes to the consolidated financial statements, and the same for the statements of our Company and of our Group on a consolidated basis, respectively. Our audited financial report will be prepared in accordance with the JGAAP as required under the Japan Companies Act in Japanese, English and Chinese; and

(c) either (i) an annual report including our Group's annual accounts, which will be in compliance with the contents requirements under Appendix 16 to the Listing Rules; or (ii) a summary financial report, which will be in compliance with the contents requirements under Rule 13.46(2)(a) of the Listing Rules. Our annual report or summary financial report, as the case may be, will be prepared in accordance with the IFRS.

All documents above will be approved and authorised by our Board of Directors before they are despatched to our Shareholders.

Proxies and corporate representatives

Our Articles provide that any Shareholder who is entitled to attend and vote in a general meeting of our Company may appoint another person as his/her proxy to attend and vote on his/her behalf. Corporate Shareholders may appoint corporate representatives to attend or vote on its behalf. A Shareholder (including nominee companies such as HKSCC Nominees) who is the holder of two or more Shares may appoint multiple proxies or corporate representatives to represent him/her and vote on his/her behalf in a general meeting of our Company. A proxy or corporate representative needs not be a Shareholder of our Company and there is no limitation

or restriction on the qualification and identity of the proxies and/or corporate representatives to be appointed by our Shareholders. A proxy or corporative representative is entitled to exercise the same powers as if he/she was the Shareholder himself/herself provided that he/she can present a duly signed authorisation document proving his/her authority.

Upon Listing, we expect to require Shareholders and their proxies or corporate representatives to submit their authorisation documents, the form and substance of which will commensurate with the forms of proxy adopted by other companies listed on the Stock Exchange. Detailed requirements will be set out in the convocation notice of each general meeting (including AGM).

Request for a general meeting

A Shareholder who has no less than 3% of the voting rights in our Company may request our Directors to convene a general meeting. If our Directors do not send out a convocation notice for such general meeting to be held and such general meeting is not convened by our Directors within eight weeks from the date of such request, the relevant Shareholder who made the request may convene a general meeting with court permission.

Request for additional matters in a meeting agenda

Any Shareholder who has either (i) no less than 1% of the voting rights in our Company; or (ii) no less than 300 Shares may request our Directors to include certain additional matter(s) or amend certain existing matter(s) in the meeting agenda of a general meeting. Such request must be made to our Directors no less than eight weeks prior to the general meeting of our Company. If the request is made to our Directors less than eight weeks prior to the general meeting, the requested additional matter(s) or amendment(s) may be included or made in the next general meeting of our Company.

Our Articles provide that we must announce (as a voluntary announcement on the Stock Exchange's website and our Company's website) the date of a general meeting no less than 10 weeks prior to the date of that meeting so that our Shareholders, if eligible, will have a two-week period to exercise the right set out above.

Request for last-minute amendments to a meeting agenda

After the convocation notice of a general meeting has been despatched, a Shareholder is permitted to propose a last-minute amendment to the matters included in an existing meeting agenda of a general meeting of our Company without any prior notice if a matter of similar nature is included in the original meeting agenda. For example, a Shareholder may propose last-minute amendments to an existing meeting agenda and nominate a person for election as a Director any time before the relevant general meeting or even at the meeting, if the original meeting agenda includes a proposal of the appointment of a new Director, or Directors, to our Board of Directors. These last-minute amendments are a theoretical mechanism which, according to our Directors' knowledge, is exceptional and rarely put into actual practice in Japan.

If any agenda in a general meeting is rejected without receiving 10% of the votes cast at that general meeting, last-minute amendments of substantially the same nature will not be treated as an official agenda by our Company in the forthcoming general meetings within the following three years. For example, Shareholders may not be able to propose a person for election as a Director as a last-minute amendment in the following three years if a last-minute nomination of the same person as a proposed Director fails to receive 10% favourable votes in a general meeting in the past three years (so long as the backgrounds or conditions of both proposals are similar).

Due to these Japan law provisions, we are unable to comply with Rule 13.70 of the Listing Rules and paragraph 4(4) of Appendix 3 to the Listing Rules, which provide that (i) an issuer shall publish an announcement or issue a supplementary circular upon receipt of a notice from a shareholder 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; and (ii) the minimum length of the period for notice to propose a person for election as a director and that person to notify the issuer of his willingness to be elected, must be at least seven days. We have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with these requirements on the basis of the voluntary measures we put in place, the details of which are set out in "Waivers — B. Additional Waivers — Announcement of Nomination of Director(s)" and "Waivers — B. Additional Waivers — Articles of Incorporation — Nomination of Director(s)".

Shareholders and potential investors (in particular, CCASS Beneficial Owners, who customarily do not attend general meetings in person) should note that you may lose the chance to vote on a last-minute amendment if you do not attend a general meeting in person, or if you have not appointed a proxy to attend and vote on your behalf. Under our Articles, where a Shareholder (including CCASS Beneficial Owners, who cast their votes by giving instructions to HKSCC Nominees) has casted a written vote on the original matter (regardless of whether such vote was for, against or abstention from the relevant matter), his/her vote will be counted as abstention from any last-minute amendment thereof. If a Shareholder has not casted a written vote on the original matter, they will lose the right to vote on any last-minute amendment thereof unless they attend the relevant general meeting in person or through their proxies. CCASS Beneficial Owners who are unable to give instructions to HKSCC Nominees on the original matter prior to the specified deadline will lose their right to vote on any last-minute amendment thereof. In both circumstances, the voting rights of the relevant Shareholder / CCASS Beneficial Owner will not form the quorum of the original matter and any last-minute amendment thereof.

Casting your votes in different ways

Under the Japan 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 intention and the reasons therefor at least three days prior to the date of the relevant general meeting. Our Company may object to a Shareholder casting his/her votes in different ways if the Shareholder holds our Shares on his/her own behalf rather than as a nominee on behalf of others. Upon Listing, we will enclose a notification form with the convocation notice of each general meeting. Shareholders who wish to cast their votes in different ways should notify

our Company by completing and returning the prescribed notification form to our Hong Kong Share Registrar. Shareholders (including nominee companies such as HKSCC Nominees) may also make a permanent election to cast their votes in different ways at all forthcoming general meetings, which may be withdrawn by writing to our Hong Kong Share Registrar.

Material Interests in a transaction

The Listing Rules require that, where a transaction or arrangement of an issuer is subject to shareholders' approval under the provisions of the Listing Rules, any shareholder that has a material interest in the transaction or arrangement shall abstain from voting on the resolution(s) approving the transaction or arrangement in a general meeting. In addition, controlling shareholders must abstain from voting in favour of certain matters under the Listing Rules. There are also certain matters where independent shareholders approvals are required under the Takeovers Code.

Under Japan law, a company shall not amend its constitutional document to restrain or restrict its shareholders, including controlling shareholders, from voting on any particular resolution. Each Shareholder is, in general, entitled to a single vote for each Share he/she holds in our Company and we may not restrict this right in the circumstances provided under the Listing Rules and the Takeovers Code.

To afford our Shareholders protections comparable to those available under the Listing Rules and the Takeovers Code, our Shareholders have resolved to adopt the following alternative provisions in our Articles:

"Where a transaction or arrangement or contract or other matter is required to be approved by our Shareholders under the Listing Rules and/or the Takeovers Code:

(a) a general meeting shall be convened to seek our Shareholders' approval of such matter;

(b) our Hong Kong Share Registrar shall count the votes casted at the said general meeting in accordance with the criteria and requirements under the Japan Companies Act;

(c) we shall appoint our compliance adviser or another independent financial or legal adviser to review the votes counted by our Hong Kong Share Registrar and confirm that the resolution would have been successfully passed if the votes cast had excluded the votes of our Shareholders that would otherwise be required to be abstained or otherwise uncounted under the Listing Rules and/or the Takeovers Code; and

(d) the Shareholders' approval referred to in item (a) above and the confirmation referred to in item (c) above shall be made conditions precedent in the relevant transaction agreement and we shall implement such matter only if both conditions have been satisfied."

Our Japan Legal Adviser is of the view that the alternative provisions in our Articles set out above should be permissible under the applicable Japan laws and regulations that are currently in force as of the date of the Prospectus on the basis that (i) while there are no definitive provisions in the Japan Companies Act, it is generally accepted that reasonable closing conditions, such as approval by regulatory authorities, may be included in a contract for a transaction that requires shareholders' approval under the Japan Companies Act; (ii) our voluntary measures in place would likely be regarded as a reasonable closing condition because our Company, as a company listed on the Stock Exchange, is required to comply with Rule 2.15 of the Listing Rules and the other relevant provisions under the Listing Rules and/or the Takeovers Code; and (iii) the closing condition would be disclosed to all Shareholders prior to the relevant general meeting, and therefore, our Shareholders who vote on the transaction should be aware of, and vote on the basis of, the transaction as a package including that condition.

We consider that the alternative provisions in our Articles set out above will allow us to comply with (i) the abstention requirements under Rule 2.15 of the Listing Rules and other relevant requirements under the Listing Rules which specifically apply these abstention requirements; and (ii) the abstention requirements under the Takeovers Code with respect to transactions that require independent shareholders' approval.

We have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirement under paragraph 14 of Appendix 3 to the Listing Rules to amend our Articles in accordance with the abstention requirements under the Listing Rules. See "A. Waivers — B. Additional Waivers — Articles of Incorporation — Material Interests in a Transaction" for details.

C. SHAREHOLDERS' RIGHTS

Entitlement of certain Shareholders' rights under Japan law may differ from those available under Hong Kong law and/or the Listing Rules.

CCASS Beneficial Owners

A CCASS Beneficial Owner is not recognised as a Shareholder under Japan law until he/she withdraws the relevant Shares from CCASS and re-registers himself/herself as the registered Shareholder in our Share Register.

HKSCC Nominees will exercise the rights on behalf of CCASS Beneficial Owners in the same way it does for shareholders of other companies listed on the Stock Exchange the shares of which are deposited into CCASS.

Inspection of our Share Register

Shareholders and creditors

We generally allow a Shareholder or a creditor to inspect our Share Register from time to time as required under the Japan Companies Act. We however are entitled under the Japan Companies Act to refuse a request from such persons to inspect our Share Register under the following limited 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 our Shareholders as a whole;

(iii) 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);

(iv) 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; and

(v) where the person making a request is carrying on, or engaged in, a business substantially in competition with our business (this requirement has been removed in the JCA Amendments).

A Shareholder or creditor wishing to inspect our Share Register shall attend our Hong Kong Share Registrar's office during normal business hours in Hong Kong. Our Hong Kong Share Registrar will require the person to complete a prescribed form setting out his/her details and the purposes of inspection. Our Hong Kong Share Registrar will then contact our Company and notify the relevant Shareholder or creditor of our Company's decision within two business days and, if approved, our Hong Kong Share Registrar will notify the Shareholder or creditor the date of inspection. A printed copy of our Share Register may also be requested. Other than applicable printing costs, no fee will be charged for the inspection.

Non-shareholder and non-creditor

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 Information Protection Act, inspect and obtain a copy of our Share Register. As advised by our Japan Legal Adviser, our Share Register is, under the Personal Information Protection Act, open for inspection for persons other than our Shareholders and creditors if:

(i) the inspection of our Share Register is based on laws and regulations;

(ii) the inspection of our 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 our 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 our 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.

CCASS Beneficial Owners are not recognised as a Shareholder under Japan law and they may not inspect our Share Register unless they are allowed to do so under the Personal Information Protection Act.

Shareholders who have surrendered their Share certificates to our Company may inspect our Share Register to check and verify their shareholdings in our Company.

Dividends

Record date for distributing dividends

Our AGM is usually held in June every year. Our Articles provide that our Board of Directors may from time to time designate a record date for our AGMs and extraordinary general meetings. A record date is the date for determining the list of eligible Shareholders entitled to vote in our AGMs and extraordinary general meetings. We may also set the same or a different record date to determine the eligibility of our Shareholders to receive dividends and/or other distributions.

Final dividend

Upon Listing, we plan to set our record date for final dividend entitlement shortly after the announcement of any final dividend declared. To comply with the requirements under the Japan Companies Act and Rule 13.66(1) of the Listing Rules, a record date in relation to final dividend, if any, will be announced by public notice in Japan, which will be replicated on the Stock Exchange's website and our Company's website in English and Chinese, at least 14 days prior to the proposed record date.

Interim and other dividend payments

Upon Listing, we plan to set our record date for interim or other dividend entitlement shortly after the announcement of any interim or other dividend declared. To comply with the requirements under the Japan Companies Act and Rule 13.66(1) of the Listing Rules, a record date in relation to our interim or other dividend, if any, will be announced by public notice in Japan, which will be replicated on the Stock Exchange's website and our Company's website in English and Chinese, at least 14 days prior to the proposed record date.

Shareholders who acquire our Shares after the record date will not be entitled to receive dividend payment, if any.

Restrictions on dividend distributions

Our Company may declare and pay, in accordance with the Japan Companies Act and our Articles, (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 proposed to be paid in kind (other than scrip dividends in the form of Shares, bonds (including convertible bonds) and SARs issued by our Company, which the Japan Companies Act prohibits) without giving Shareholders the right to demand distribution in cash, in which case a special resolution in a general meeting would be required). Scrip dividends in the form of Shares, bonds (including convertible bonds) or SARs issued by our Company are prohibited under the Japan Companies Act. The amount or value of any dividends declared may not exceed the available Distributable Amount.

The Japan Companies Act provides that a company's Distributable Amount is calculated using the retained earnings* (剰余金) recorded in a company's financial statements prepared in accordance with JGAAP (rather than IFRS) with certain adjustments (including deduction of the book value of any treasury stock* (自己株式) held by a company) available under the Japan Companies Act and the relevant ordinance of the Japanese Ministry of Justice. The Japan Companies Act also requires an amount equivalent to 10% of any dividend resulting in a decrease in retained earnings* (剰余金) to be allocated to reserves* (準備金) until the aggregate amount of the reserve* (準備金) equals 25% of the amount of share capital. See "C. Summary of our Articles of Incorporation and Japan Corporation Law — 6. Dividends and Distributions" for a detailed description on how Distributable Amount is calculated under the Japan Companies Act.

Given that our consolidated financial information set out as Appendix I to the Prospectus have been prepared in accordance with IFRS, the amounts of the consolidated retained earnings determined under IFRS differ from the retained earnings* (剰余金) recorded in our Company's entity level 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 Company will procure our accounting auditor to prepare reconciliation between our financial statements under JGAAP and IFRS for each financial year following the Listing and despatch of such reconciliation documents to our Shareholders together with our annual report (or summary financial 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.

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 rates 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 our Hong Kong Share Registrar. No partial election will be allowed, and Shareholders, including nominee companies which hold Shares on behalf of our 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 Hong Kong Share Registrar of its election. Upon declaration of dividend payment, our Hong Kong 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 Hong Kong 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.

All CCASS Beneficial Owners will receive dividend payments in Hong Kong Dollars. 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 Hong Kong Share Registrar.

Compulsory Acquisitions

Under the Companies Ordinance, the minority shareholders of a Hong Kong-incorporated company may be compulsorily brought out or may require an offeror to buy out their interests if the offeror acquires 90% of the issued shares in a successful takeover without shareholders' approval. Under the relevant Japan laws and regulations, compulsory acquisitions can be achieved without shareholders' approval by the following transactions:

(i) An offeror (which must be a Japan-incorporated company) having acquired 90% or more of the voting rights in a stock company* (株式会社) (which our Company is one) may (aa) acquire the remaining interests of the minority shareholders by way of a share

exchange* (株式交換) arrangement; or (bb) cash out the remaining interests of the minority shareholders by way of a merger* (合併) arrangement (the "***JCA Compulsory Acquisitions***") only with the approval of the board of directors of the said company. In case of a share exchange* (株式交換) arrangement, the offeror must be a stock company* (株式会社) or a limited liability company* (合同会社).

(ii) Under the JCA Amendments, which will come into effect on 1 May 2015 , an offeror having acquired 90% or more of the voting rights in a stock company* (株式会社) (which our Company is one) may compulsorily acquire the interests of all remaining shareholders only with the approval of the board of directors of the said company (the "***JCA Amendment Compulsory Acquisition***").

Other than the transactions above, there is currently no provision under Japan laws and regulations similar to the compulsory acquisition regime under the Companies Ordinance that would otherwise allow an offeror in a successful takeover to buy out the minority shareholders without shareholders' approval, regardless of the shareholding percentage acquired by such offeror.

Apart from the JCA Compulsory Acquisitions and the JCA Amendment Compulsory Acquisition, under Japan laws, an offeror of a successful takeover or the minority shareholders of a Japan-incorporated company may also achieve a similar outcome of compulsory acquisitions by proposing a number of alternative transactions (the "*Share Transactions*") to the subject company, all of which are subject to shareholders' approval.

To initiate the Share Transactions, an offeror in a successful takeover or minority shareholders may either (i) request for the convocation of a general meeting; or (ii) request for additional matter(s) to be included in the agenda of a general meeting. See "- B. Shareholders' Meetings" in this section above for the detailed procedures.

Under the Japan Companies Act, the approval threshold of the Share Transactions is two-third of the votes of shareholders present at a general meeting, which is significantly lower than the 90% threshold of the compulsory acquisition regime under the Companies Ordinance. As an enhanced measure of shareholders' protections, our Articles provide that at least 90% of the votes of Shareholders present at a general meeting are required to effect the Share Transactions.

Our Directors are of the view that, in relation to compulsory acquisitions, the level of protections under our Articles and the relevant Japan laws and regulations taken as a whole is largely commensurate to the shareholders' protections provided under the Companies Ordinance (given the Articles provisions put in place by us).

In addition, investors should note that, unlike the Companies Ordinance, there is no restriction under the relevant Japan laws and our Articles on the acquisition price of the transactions set out above. Minority shareholders may resort to a number of court procedures to (i) request the court to cease the relevant transactions; or (ii) determine a fair acquisition price. There may be significant delays and costs involved in the initiation of the aforementioned court procedures.

See "C. Summary of our Articles of Incorporation and Japan Corporation Law — 8. Compulsory Acquisitions" for the details of the compulsory acquisition provisions under Japan law and our Articles.

D. CAPITAL STRUCTURE

Set out below are the key provisions under Japan law regarding allotment and issue of Shares to a third party and share repurchases on the Stock Exchange, which differ from the regulatory regime in Hong Kong.

Issuing Mandate

There is no concept of pre-emptive rights (as defined in the Listing Rules) under Japan law. Under the Japan Companies Act, when a Japanese company issues new shares and SARs (including convertible bonds), certain subscription requirements (the "*Subscription Requirements*") shall be determined. The Subscription Requirements include the number of shares or SARs (including convertible bonds) to be issued, price, payment due date and other matters prescribed under the Japan Companies Act.

Under our Articles, the Subscription Requirements of any new issue of Shares or SARs (including convertible bonds) must be determined by an ordinary resolution in a general meeting, provided however that the Subscription Requirements of the issue and allotment of Shares or SARs (including convertible bonds) at a price or term *especially favourable* to the allottees must be determined by a special resolution in a general meeting. Our Board may issue and allot the Shares or SARs once the Subscription Requirements have been determined and approved by an ordinary or special resolution (as the case may be) in a general meeting.

Our Articles further provide that (a) the total number of Shares authorised by our Shareholders to be issued is 2,000,000,000 Shares; and (b) our Shareholders may entrust the power to determine the Subscription Requirements of any new issue of Shares or SARs (including convertible bonds) to our Board by way of a general mandate. The authority of the said general mandate must be approved with an ordinary (or a special resolution, if such mandate specifically provides for an allotment at a price or term *especially favourable to the allottee*) resolution in a general meeting, which resolution shall prescribe, among others, the maximum number of Shares and SARs to be issued and allotted under the general mandate and the minimum price to be paid by the allottees. Under our Articles, the general mandate shall not be effective for more than one year from the date of the resolution approving the same. As advised by our Japan Legal Adviser, our Issuing Mandate was duly approved by our Shareholders at our extraordinary general meeting held on 16 March 2015.

The Articles and Japan Companies Act provisions described above apply equally to the disposal of our treasury stock* (自己株式), if any.

On 16 March 2015, our Board has been granted with the Issuing Mandate to issue, allot and deal in our Shares, the details of which are set out in "Appendix VI — Statutory and General Information — A. Further Information about our Company — 5. Extraordinary General Meeting held on 16 March 2015". Under our Articles and the Japan Companies Act, the Issuing Mandate is only enforceable when:

(i) our total number of issued Shares will not exceed 2,000,000,000 Shares, which are the total number of Shares authorised to be issued by our Company, as a result of the issue and allotment made under the Issuing Mandate; and

(ii) the allotments under the Issuing Mandate are not made at a price or term *especially favourable* to the allottees, in which case a special resolution in a general meeting is required.

For the avoidance of doubt, the Issuing Mandate grants power to our Board to issue, allot and deal with Shares only and does not grant authority to issue SARs and dispose of treasury stock* (自己株式). Our Japan Legal Adviser has confirmed that the Shareholders' resolution in our extraordinary general meeting held on 16 March 2015 approving the Issuing Mandate contained all the required information prescribed under our Articles. Our Directors have undertaken to the Stock Exchange that they will not exercise the Issuing Mandate if any of conditions (i) to (ii) set out above has not been fulfilled, in which case they will seek specific approval from our Shareholders in order to issue and allot new Shares.

As to the term "*especially favourable*" referred to in (ii) above, our Japan Legal Adviser has confirmed that there is no clear definition under Japan law as to the circumstances where the terms of an allotment may be deemed as *especially favourable* to the proposed allottees. Under the internal rules of The Japan Securities Dealers Association, an allotment may be taken as *especially favourable* to the proposed allottees when less than 90% of the market value of the Shares so allotted is set as consideration from the proposed allottees. Our Board may from time to time appoint an independent expert to determine whether an allotment is *especially favourable.*

Our Directors have been advised that the Issuing Mandate is in compliance with Rule 13.36 of the Listing Rules. The aggregate number of Shares under the Issuing Mandate is subject to the limit under Rule 13.36(2)(b) of the Listing Rules and is no more than the sum of:

(a) 20% of the total number of Shares issued by our Company immediately upon completion of the Global Offering; and

(b) the aggregate number of Shares repurchased by our Company, if any, under the Repurchase Mandate referred to below.

Share repurchases

Under the Japan Companies Act, a company may in general repurchase its shares through the following ways:

(i) a company may repurchase its own shares upon agreement with one or more particular shareholder(s) with a special resolution in a general meeting approving (a) the number and class of the shares to be repurchased; (b) the contents and the aggregate amount of consideration to be paid in exchange for the repurchased shares; (c) the period during which the company may repurchase its shares (which shall not be more than one year); and (d) the name of such particular shareholder(s). Once approved, the company may repurchase the shares within the scope of the special resolution following certain prescribed procedures under the Japan Companies Act, provided however that, where the repurchase price exceeds the market price of the shares, the company shall give a notice to other shareholders to provide them with the opportunities to participate in the share repurchase prior to the general meeting approving the share repurchase;

(ii) a company may repurchase its own shares through an offer to all shareholder with an ordinary resolution in a general meeting approving items (a) to (c) set out in (i) above. Once approved, the company may repurchase the shares within the scope of the ordinary resolution following certain prescribed procedures under the Japan Companies Act; and

(iii) a company may repurchase its own shares through a market transaction etc.* (市場取引等) as defined under the Japan Companies Act with an ordinary resolution in a general meeting or, where allowed under its articles, a resolution of its board of directors, approving items (a) to (c) set out in (i) above. Once approved, the company may repurchase the shares within the scope of the said resolution.

Upon Listing, we will effect repurchases of our Shares outside the Stock Exchange in accordance (i) and (ii) above, subject to compliance with all applicable Listing Rules and/or the Takeovers Code. Repurchases on the Stock Exchange will be effected under the Repurchase Mandate granted to our Board by our Shareholders on 16 March 2015 in compliance with Rule 10.06 of the Listing Rules and in accordance with (iii) above as market transactions etc.* (市場取引等). Our Articles provide that repurchases of our own Shares can be effected through a market transaction etc.* (市場取引等) as defined under the Japan Companies Act with a resolution of our Board (so long as such repurchases comply with the applicable requirements under the Listing Rules), allowing our Directors to effect repurchases under the Repurchase Mandate without Shareholders' specific approval.

Based on the foregoing Articles and Japan law provisions, repurchases under the Repurchase Mandate must be market transactions etc.* (市場取引等) as defined under the Japan Companies Act. There is no judicial precedent or interpretation confirming that a repurchase through the Stock Exchange, which is not a securities exchange in Japan, is a market transaction etc.* (市場取引等). Given the lack of judicial precedent, our Directors have undertaken to the Stock Exchange that they will not exercise the Repurchase Mandate to repurchase our Shares on the Stock Exchange unless there is clear judicial authority allowing us to make repurchases on the Stock Exchange thereunder.

For details of the Japan law and Listing Rules provisions on the repurchases of our Shares, see "Appendix VI — Statutory and General Information — B. Repurchase of our Shares" in the Prospectus.

E. TAXATION

Set out below are the key tax obligations that might arise from dealing in our Shares. It does not purport to be a complete analysis of all possible tax situations that may be relevant to a decision to purchase the Shares or with regard to the taxation of our Company. Potential investors should consult your own tax advisers as to the possible tax consequences of the purchase and ownership of the Shares based on their particular circumstances. No conclusion should be drawn with respect to issues not specifically addressed by this summary. The following description of Japan law is based upon the Japan law and regulations in effect and as interpreted by the National Tax Agency of Japan as at the date of the Prospectus and is subject to any amendments to the relevant laws (or their interpretation) later introduced, whether or not on a retroactive basis. It is not intended to be, nor should it be construed to be, legal or tax advice.

It is emphasised that none of our Company, our Directors, or other parties involved in the Global Offering can accept responsibility for any impact on the tax liabilities of, Shareholders/ potential investors resulting from their subscription for, purchase, holding or disposal of or otherwise dealing in our Shares or exercising any rights attaching to them.

1. Withholding Tax on Dividend Payment

Japanese Shareholders

Shareholders who choose to invest outside CCASS who are either a resident in Japan or a corporation incorporated in Japan are subject to the following withholding tax rate on dividend distribution:

Dividends paid and due	Individual Shareholder that is interested in less than 3% of our total number of issued Shares	Individual Shareholder that is interested in 3% or more of the entire issued Shares of our total number of issued Shares	Corporate Shareholder
On or before 31 December 2037	20.315%	20.420%	15.315%
On or after 1 January 2038	20%	20%	15%

Non-Japanese Shareholders

Shareholders who choose to invest outside CCASS who are not residents in Japan or corporations incorporated in Japan without a permanent establishment in Japan are subject to the following withholding tax rate on dividend distribution:

Dividends paid and due	Individual Shareholder that is interested in less than 3% of our total number of issued Shares	Individual Shareholder that is interested in 3% or more of the entire issued Shares of our total number of issued Shares	Corporate Shareholder
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)]

Note:

(1) Individual and corporate Shareholders who are residents or entities incorporated in Hong Kong having no permanent establishment 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 our total number of issued Shares for the six consecutive months ending on the record date for dividend distribution) for dividend payments under the Hong Kong-Japan Tax Treaty. See "— Hong Kong-Japan Tax Treaty" in this section below for details.

CCASS Beneficial Owners

Notwithstanding that CCASS Beneficial Owners are not recognised under the Japan 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 unable 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 such, our Company will withhold tax on the dividends payable to CCASS Beneficial Owners at the highest possible withholding tax rates under Japan law, which is 20.420% for dividends paid and due on or before 31 December 2037.

Withholding tax held in excess

CCASS Beneficial Owners are subject to an initial withholding tax rate of 20.420%, which is the highest possible withholding tax rate under Japan law. Eligible CCASS Beneficial Owners may apply for a refund of taxes withheld in excess of the applicable rates that would have applied to them if they choose to invest outside CCASS from the National Tax Agency. Set out below are the rates of refunds that our CCASS Beneficial Owners may be entitled to depending on their residence or jurisdictions of incorporation:

(a) Hong Kong CCASS Beneficial Owners

CCASS Beneficial Owners who are either residents in Hong Kong or corporations incorporated in Hong Kong without any permanent establishment in Japan may be entitled to claim a refund of taxes withheld in excess from the National Tax Agency at a rate set out below:

	Individual Shareholder that is interested in less than 3% of our total number of issued Shares	**Individual Shareholder that is interested in 3% or more of the entire issued Shares of our total number of issued Shares**	**Corporate Shareholder**
Withholding tax rate initially withheld by our Company	20.420%	20.420%	20.420%
Applicable tax rate that would have applied to them if they choose to invest outside CCASS	15.315%	20.420%	15.315%
Possible rate of refunds from the National Tax Agency	5.105%	0%	5.105%

(b) Japanese CCASS Beneficial Owners

CCASS Beneficial Owners who are either residents in Japan or corporations incorporated in Japan may be entitled to claim a refund of taxes withheld in excess from the National Tax Agency at a rate set out below:

	Individual Shareholder that is interested in less than 3% of our total number of issued Shares	**Individual Shareholder that is interested in 3% or more of the entire issued Shares of our total number of issued Shares**	**Corporate Shareholder**
Withholding tax rate initially withheld by our Company	20.420%	20.420%	20.420%
Applicable tax rate that would have applied to them if they choose to invest outside CCASS	20.315%	20.420%	15.315%
Possible rate of refunds from the National Tax Agency	0.105%	0%	5.105%

Japanese CCASS Beneficial Owners should note that, if they elect to invest in our Company through a recognised financial instruments business operator* (金融商品取引業者等), the obligation to pay the relevant withholding tax rests with those operators. As such, they are entitled to claim a full refund of the withholding tax withheld by our Company from Japan's National Tax Agency (i.e. 20.420% of the dividends paid).

(c) Other CCASS Beneficial Owners

Other CCASS Beneficial Owners who are neither residents in Japan or Hong Kong or corporations incorporated in Japan or Hong Kong without any permanent establishment in Japan may be entitled to claim a refund of taxes withheld in excess from the National Tax Agency at a rate set out below:

	Individual Shareholder that is interested in less than 3% of our total number of issued Shares	**Individual Shareholder that is interested in 3% or more of the entire issued Shares of our total number of issued Shares**	**Corporate Shareholder**
Withholding tax rate initially withheld by our Company	20.420%	20.420%	20.420%
Applicable tax rate that would have applied to them if they choose to invest outside CCASS	15.315%	20.420%	15.315%
Possible rate of refunds from the National Tax Agency	5.105%	0%	5.105%

CCASS Beneficial Owners may be able to claim a refund from Japan's National Tax Agency of withholding tax withheld in excess of by completing and returning a designated application form prepared by us in the form and substance acceptable to the National Tax Agency. Electronic copies of such application forms will be available on our Company's website upon Listing. In addition, physical application forms for tax refund in Japanese, English and Chinese will be made available to our Shareholders at our Company's principal place of business in Hong Kong and our Hong Kong 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 applicable to our CCASS Beneficial Owners will be specified in our dividend payment announcements.

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 establishment 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 our total number of issued Shares for the six consecutive months ending on the record date for dividend distribution) for dividends payable after 1 January 2012.

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 will need to make an application to Japan's National Tax Agency through our Hong Kong 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 Hong Kong 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 Hong Kong 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.

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.

Our Tax Adviser is of the view that at this moment, CCASS Beneficial Owners cannot make a claim under a tax treaty, because the name, address and other information of a CCASS Beneficial Owner cannot be identified due to the inherent characteristics of CCASS. We will, on an on-going basis, discuss with the National Tax Agency regarding the applicability of any tax treaty between Japan and any other country to CCASS Beneficial Owners residing in such other country. In the event that the National Tax Agency has approved the application of tax treaty to such CCASS Beneficial Owners, we will publish a separate announcement on the Stock Exchange's website and our Company's website describing the procedures to make a claim under tax treaty.

2. Stamp duty

Japan 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) ranging from ¥200 to ¥20,000. Upon Listing, all Share certificates of our Company will be issued by our Hong Kong Share Registrar. Accordingly, no Japanese stamp duty is, in principle, payable for our new Share certificates.

Hong Kong 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, which are required to be registered in our share register through the Hong Kong Share Registrar in Hong Kong, are subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty is 0.1% on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the seller on every sale of the Shares. In other words, a total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction.

3. Capital gain tax

Japan capital gains tax

As a general rule, gains derived from the sale outside Japan of our Shares by non-resident Shareholders or corporate Shareholders established outside Japan who have neither a permanent establishment in Japan nor a permanent representative in Japan to which the Shares are attributable are generally not liable to any Japanese income or corporate taxes, except for (i) any Shareholder who is interested in 25% or more in our Company's entire issued Shares at any time during the taxable year of sale or during two preceding years; and (ii) any Shareholder who transfers 5% or more of our total number of issued Shares in the taxable year of sale.

The above taxation is subject to the application of relevant double tax treaties and, based on the provisions of the Hong Kong-Japan Tax Treaty, capital gains realised by a Shareholder, who is a resident or corporation in Hong Kong, will not be taxable under Japanese capital gains tax (even if such Shareholder is interested in 25% or more in our Company's total number of issued Shares at any time during the taxable year of sale or during two preceding years, and transfers 5% or more of our total number of issued Shares in the taxable year of sale). The absence of capital gains taxation in Japan is not subject to any specific formalities and our Shareholders who are residents or corporations in Hong Kong are therefore not required to take any action in order to enjoy this exemption.

Our Tax Adviser has confirmed that in respect of Shares deposited into CCASS, only capital gains realised by the CCASS Beneficial Owners are taxable under Japan law. Neither HKSCC Nominees nor the CCASS Participants are subject to any Japanese capital gains tax reporting or payment obligation directly arising from dealing in our Shares on behalf of the CCASS Beneficial Owners (even if a CCASS Beneficial Owner is interested 25% or more in our Company's total number of issued Shares at any time during the taxable year of sale or during two preceding years, and transfers 5% or more of our total number of issued Shares in the taxable year of sale).

Individual Shareholders

Individual Shareholders who are residents in Japan who effect their dealings in our Shares through a recognised financial instruments business operator (金融商品取引業者等) are subject to capital gains tax in Japan at 20.315% for the year ending before 31 December 2037 or 20% for the year ending on or after 31 December 2038.

Corporate Shareholders

Corporate Shareholders established in Japan are subject to capital gains tax in Japan at approximately 36%.

Hong Kong capital gains tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of the Shares. Trading gains from the sale of the Shares by a person carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business, will be subject to Hong Kong profits tax.

4. Inheritance tax and gift tax

Japanese inheritance tax and gift tax at progressive rates may be payable by an individual who has acquired common Shares* (普通株式) of our Company as a legatee, heir or donee even though neither the acquiring individual nor the deceased nor donor is a Japanese resident.

F. FOREIGN EXCHANGE CONTROL

The Foreign Exchange and Foreign Trade Act of Japan* (外国為替及び外国貿易法) (Act No. 228 of 1949) 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, holding and disposal of Shares by foreign investors of our Company. Under certain prescribed circumstances, Shareholders and CCASS Beneficial Owners may be required to file a foreign exchange report or notification to The Bank of Japan.

The filing obligations are generally exempted if: (i) a Shareholder or CCASS Beneficial Owner is a resident of, or a corporation organised under the laws of, certain exempted jurisdictions (which include Hong Kong, the U.S., the United Kingdom, Canada, Australia, the PRC, among others); and (ii) if their shareholding interests in our Company do not exceed 10%.

See "Appendix V — Summary of our Articles of Incorporation and Japan Corporation Law — 10. Foreign Exchange Control" for a list of the exempted jurisdictions and details of the filing requirements under the Foreign Exchange Regulations.

G. SHAREHOLDERS PROTECTION

Set out below is a comparison of the applicable laws and regulations in Hong Kong and Japan on certain key shareholder protection standards that we consider material to our Shareholders and investors.

Amendment to constitutional documents

Under Hong Kong law, any alteration to the articles of association of a company (except for alternation to the maximum number of shares that the company may issue) must generally be made by a 75% majority vote in a general meeting. Under Japan law, in order to amend the articles of incorporation, the resolution of the shareholders' meeting shall in general be approved by at least two-thirds of the voting rights of the shareholders present at a meeting where the shareholders holding at least one-third of the voting rights who are entitled to exercise their voting rights are present. The standard of shareholders' protection under Japan law is similar to or comparable with that under Hong Kong law.

Variation of rights

Under Hong Kong law, rights attached to shares in a class of shares in a company may be varied only with either (a) a written consent of holders representing at least 75% of the total voting rights of holders of shares in the class; or (b) a 75% majority vote passed at a separate general meeting of holders of shares in the class sanctioning the variation, unless otherwise provided under the articles of association. Under Japan law, in order to vary the rights attached to any class of shares, the resolution of the general meeting shall be approved by at least two-thirds of the voting rights of the shareholders present at a meeting where the shareholders holding at least a majority (which is lowered to one-third under our Articles) of the voting rights who are entitled to exercise their voting rights are present. Moreover, if a proposed amendment would be detrimental to shareholders of such class of shares, the resolution of the class shareholders' meeting must be approved by at least two-third of the voting rights of the class shareholders present at a meeting where the class shareholders holding at least a majority of the voting rights who are entitled to exercise their voting rights are present. The standard of shareholders' protection under Japan law is not materially different to that under Hong Kong law.

Under our Articles, our Company is not allowed to issue any other class of Shares other than our common Shares* (普通株式). The requirements in relation to class meetings set out above are therefore not applicable to us.

Liability to the company

Under Hong Kong law, a person who is a member of a company is not bound by any alteration of the articles of association of the company that takes effect after the date on which the person became a member if the alteration increases the person's liability to the company unless the person agrees in writing before, on or after the alternation taking effect to be bound by such alteration. Under Japan law, existing shareholders are not subject to any liability to the company except to the extent of the amount payable in respect of the shares such existing shareholders subscribed or purchased when they acquired such shares from our Company. The standard of shareholders' protection under Japan law is not materially different to that under Hong Kong law.

Winding Up

Under Hong Kong law, the voluntary winding up of a company must be approved by shareholders with a 75% majority vote in a general meeting. Under Japan law, in order to voluntarily wind up a company, the resolution of a shareholders' meeting must be approved by at least two-thirds of the voting rights of the shareholders present at a meeting where the shareholders holding at least a majority (which is lowered to one-third in our Articles) of the voting rights who are entitled to exercise their voting rights are present. The standard of shareholders' protection under Japan law is not materially different to that under Hong Kong law.

Auditors

Under Hong Kong law, the appointment, removal and remuneration of auditors must be approved by a majority vote in a general meeting. Under Japan law and our Articles, in order to appoint an accounting auditor of our Company, the resolution of our general meeting must be approved by a majority vote of our Shareholders present at the meeting where the Shareholders holding at least one-third of the voting rights who are entitled to exercise their voting rights are present. The removal of accounting auditor requires a resolution of a general meeting to be approved by at least a majority of the voting rights of the Shareholders present at a meeting where the Shareholders holding at least a majority of the voting rights who are entitled to exercise their voting rights are present. The remuneration of accounting auditor, on the other hand, is determined by our Audit Committee which is entirely made up of Independent Non-executive Directors. The standard of shareholders' protection under Japan law is similar to or comparable with that under Hong Kong law.

Register of members

Under Hong Kong law, a member of a company is entitled, on request made in the manner prescribed under law and without charge, to inspect the register of members of the company. In the case of our Company, our Hong Kong Share Registrar will maintain our Share Register in Hong Kong and make available a copy for inspection by our Shareholders and creditors. However, there are certain limited circumstances under the Japan Companies Act under which our Company may reject a request for inspection from our Shareholders and creditors. In addition, the Personal Data Information Act provides that we may not allow a person other than our Shareholders and creditors to inspect our Share Register except under certain circumstances. For details of the rejection criteria under the Japan Companies Act and the relevant provisions under the Personal Information Protection Act, see "— C. Shareholders' Rights — Inspection of our Share Register" in this section above.

Compulsory Acquisition

Under the Companies Ordinance, the minority shareholders of a Hong Kong-incorporated company may be compulsorily brought out or may require an offeror to buy out their interests if the offeror acquires 90% of the issued shares in a successful takeover without shareholders' approval. Under the relevant Japan laws and regulations, compulsory acquisitions can be achieved without shareholders' approval by the following transactions:

(i) An offeror (which must be a Japan-incorporated company) having acquired 90% or more of the voting rights in a stock company* (株式会社) (which our Company is one) may (aa) acquire the remaining interests of the minority shareholders by way of a share exchange* (株式交換) arrangement; or (bb) cash out the remaining interests of the minority shareholders by way of a merger* (合併) arrangement (the "*JCA Compulsory Acquisitions*") only with the approval of the board of directors of the said company. In case of a share exchange* (株式交換) arrangement, the offeror must be a stock company* (株式会社) or a limited liability company* (合同会社).

(ii) Under the JCA Amendments, an offeror having acquired 90% or more of the voting rights in a stock company* (株式会社) (which our Company is one) may compulsorily acquire the interests of all remaining shareholders only with the approval of the board of directors of the said company (the "*JCA Amendment Compulsory Acquisition*").

Other than the transactions above, there is currently no provision under Japan laws and regulations similar to the compulsory acquisition regime under the Companies Ordinance that would otherwise allow an offeror in a successful takeover to buy out the minority shareholders without shareholders' approval, regardless of the shareholding percentage acquired by such offeror.

Apart from the JCA Compulsory Acquisitions and the JCA Amendment Compulsory Acquisition, under Japan laws, an offeor of a successful takeover or the minority shareholders of a Japan-incorporated company may also achieve a similar outcome of compulsory acquisitions by proposing a number of alternative transactions (the "*Share Transactions*") to the subject company, all of which are subject to shareholders' approval.

To initiate the Share Transactions, an offeror in a successful takeover or minority shareholders may either (i) request for the convocation of a general meeting; or (ii) request for additional matter(s) to be included in the agenda of a general meeting. See "— B. Shareholders' Meetings" in this section above for the detailed procedures.

Under the Japan Companies Act, the approval threshold of the Share Transactions is two-third of the votes of shareholders present at a general meeting, which is significantly lower than the 90% threshold of the compulsory acquisition regime under the Companies Ordinance. As an enhanced measure of shareholders' protections, our Articles provide that at least 90% of the votes of Shareholders present at a general meeting are required to effect the Share Transactions.

Our Directors are of the view that, in relation to compulsory acquisitions, the level of protections under our Articles and the relevant Japan laws and regulations taken as a whole is largely commensurate to the shareholders' protections provided under the Companies Ordinance (given the Articles provisions put in place by us).

Meetings

Under Hong Kong law, except for a private company or a company limited by guarantee, a company must, in respect of each financial year, hold a general meeting as its annual general meeting within six months after the end of its accounting reference period. Japan law provides that a Japan company must hold an annual general meeting within three months from the end of its financial year. The standard of shareholders' protection under Japan law is similar to or comparable with that under Hong Kong law.

Right to convene meetings

Under Hong Kong law, the directors are required to call a general meeting if the company has received requests to do so from members of the company representing at least 5% of the total voting rights of all the members having a right to vote at general meetings. In addition, a company must circulate a resolution proposed as a written resolution if it has received requests to do so from the members of the company representing not less than 5% (or a lower percentage prescribed in the company's articles of association) of the total voting rights of all the members entitled to vote on the resolution. Japan law provides that a shareholder who has held no less than 3% of the voting rights in a company for the last six consecutive months may request its directors to convene a general meeting. If the directors do not send out a convocation notice for such general meeting to be held and such shareholders' meeting is not convened by the directors within eight weeks from the date of such request, the relevant Shareholder who made the request may convene a general meeting with court permission.

The standard of shareholders' protection under Japan law is not materially different to that under Hong Kong law.

Notice of meetings

Under Hong Kong law, the notice period for all general meetings is 14 days (regardless of whether an ordinary or special resolution is proposed for consideration), except the notice period for an annual general meeting is 21 days. Our Articles provide that convocation notice of our AGMs and extraordinary general meeting must be despatched 21 days prior to the date thereof.

In addition, after the convocation notice of a general meeting has been despatched, a Shareholder is permitted to propose a last-minute amendment to the matters included in an existing meeting agenda of a general meeting of our Company without any prior notice if a matter of similar nature is included in the original meeting agenda. For example, a Shareholder may propose last-minute amendments to an existing meeting agenda and nominates a person for election as a director at any time before the relevant general meeting or even at the meeting, if the meeting original agenda includes a proposal of the appointment of a new Director, or Directors, to our Board of Directors. These last-minute amendments are a theoretical mechanism which, according to our Directors' knowledge, is exceptionally rarely put into actual practice in Japan.

Distribution of notices

Under Hong Kong law, notice of a general meeting must be (i) given in hard copy form or in electronic form; or (ii) by making the notice available on a website; or (iii) a combination of the aforementioned manners. Japanese companies have similar procedures for the distributions of notices and voting. Upon Listing, notice of our general meetings will be despatched in hard copies and published on a Japanese newspaper as well as our Company's website and the website of the Stock Exchange.

Voting

The Listing Rules require that, where a transaction or arrangement of an issuer is subject to shareholders' approval under the provisions of the Listing Rules, any shareholder that has a material interest in the transaction or arrangement shall abstain from voting on the resolution(s) approving the transaction or arrangement in a general meeting. In addition, controlling shareholders must abstain from voting in favour of certain matters under the Listing Rules. There are also certain matters where independent shareholders approvals are required under the Takeovers Code. See "— B. Shareholders' Meetings — Material Interests in a Transaction" in this section above for the voluntary measures we have put in place to afford our Shareholders protections comparable to those available under the Listing Rules and the Takeovers Code.

Proxies

Under Hong Kong law, a member of a company is entitled to appoint another person (whether a member or not) as a proxy to exercise all of the member's rights to attend and to speak and vote at a general meeting. A company must also ensure that in a notice calling a general meeting of the company, there must appear, with reasonable prominence, a statement informing the members of their rights to appoint a proxy. In addition, a body corporate which is a member of a company may authorise any person it thinks fit to act as its corporate representative at any meeting of the Company, exercising the same powers on behalf of the body corporate as the body corporate could exercise if it were an individual member of the company. In the case of our Company, we do not impose any restriction or limitation on the identity or qualification of proxies or corporate representatives appointed by our Shareholders. See "— B. Shareholders Meetings — Proxies and Corporate Representatives" in this section above for powers entitled to be exercised by proxies or corporate representatives appointed by our Shareholders, which are not materially different by those offered under Hong Kong law.

Voting by poll

Under Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Voting in our general meetings is conducted by poll in practice. Each Share held by our Shareholders, in general, entitles them one vote in our general meeting. Under our Articles, we must count our votes in accordance with the number of Shares owned by each Shareholder. Voting by show of hand is not possible under the Japan Companies Act and our Articles.

Appointment of directors

Under Hong Kong law, the appointment of each director is required to be voted on individually. A unanimous approval of the shareholders is required to pass a resolution permitting appointment of two or more directors by a single resolution. Japan law generally does not require

the appointment of each director to be voted on individually. The standard of shareholders' protection under Japan law is not materially different to that under Hong Kong law as this is purely an administrative matter. In case of our Company, cumulative voting on the appointment of Directors is prohibited under our Articles.

Declaration of interest

Under Hong Kong law, if a director of a company is in any way, directly or indirecly, interested in a transaction, arrangement or contract, or a proposed transaction, arrangement or contract, with the company that is significant in relation to the company's business and the director's interests is material, the director must declare the nature and extent of the director's interest to the other directors. A declaration of interest in a transaction, arrangement or contract that has been entered into must be made as soon as reasonably practicable, and a declaration of interest in a proposed transaction, arrangement or contract must be made before the company enters into the said transaction, arrangement or contract. Under the Japan Companies Act, a director must report all the material facts, including his/her interest, with respect to a transaction at the meeting of the board of directors to approve the relevant transaction prior to voting on it. Any such director with an interest in the transaction is not entitled to be counted in the quorum for voting on the transaction. Directors are in general not required to declare any material interest in any transaction with the company as soon as practicable after he/she is aware of such interest, but as the interest must be declared prior to approval of the transaction and the relevant director is not entitled to have his or her vote counted towards a quorum, this is not materially detrimental to shareholders. The standard of shareholders' protection under Japan law is similar to or comparable with that under Hong Kong law.

In addition, our Articles provide that a Director shall not vote on any Board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates (as defined under the Listing Rules) has a material interest (as explained under the Listing Rules) nor shall he be counted in the quorum in the relevant meeting.

Loans to directors

Under Hong Kong law, a company may only make loans to a director in certain limited circumstances. The Japan Companies Act does not contain specific provisions on loans to, or credit transactions with, directors, but such transactions will be governed by article 356 and article 365 of the Japan Companies Act which restrict transactions that result in a conflict of interest. Although companies are not prohibited from entering into transactions with their directors, such transactions must be approved by a vote of the board of directors which excludes the interested director from voting and being counted for the quorum. The relevant director must also report all material facts relating to such transaction at the meeting of the board of directors and after such transaction takes place without delay. The standard of shareholders' protection under Japan law is similar to or comparable with that under Hong Kong law.

In addition, our Articles provide that our Company shall not directly or indirectly make a loan, enter into a guarantee or provide security to a Director except as permitted under both the Japan Companies Act and the Companies Ordinance (as if our Company was a public company incorporated in Hong Kong).

Payments to directors

Under Hong Kong law, any payment to a director or former director of a company as compensation for loss of office or retirement from office is required to be approved by a majority vote in a general meeting. Under Japan law, for companies with three committees* (委員会設置会社) (which our Company is one), any remuneration, compensation or other payment (including compensation for loss of office or retirement from office) is made to directors or past directors must be determined and approved by their remuneration committees. Given that the majority of our Remuneration Committee comprises Independent Non-executive Directors, we consider that the standard of protection under Japan law is not materially different from that under Hong Kong law.

Alteration of share capital

Under Hong Kong law, any alteration of share capital in the company must be approved by a majority vote in a general meeting. Japan law provides that an increase in the number of shares authorised to be issued can only be made by an alteration of a company's articles of incorporation* (定款), which requires the resolution of the shareholders' meeting to be approved by at least two-thirds of the voting rights of the shareholders present at a meeting where the shareholders holding at least a majority (which is lowered to one-third under our Articles) of the voting rights who are entitled to exercise their voting rights are present. The standard of shareholders' protections under Japan law is similar to or comparable with that under Hong Kong law.

Reduction of share capital

Under Hong Kong law, reduction of share capital in a company is generally subject to confirmation by the court or supported by a solvency statement given by all directors of the company and be approved by shareholders with a 75% majority vote in a general meeting. Alternatively, a company may reduce its capital by seeking approval of disinterested members by a 75% majority vote together with the satisfaction of a solvency test and publication of notices in the government's gazette and newspaper. Japan law generally permits a company to reduce its share capital without a court confirmation and instead by way of a resolution of the shareholders' meeting to be approved by at least two-thirds of the voting rights of the shareholders present at a meeting where the shareholders holding at least a majority (which is lowered to one-third under our Articles) of the voting rights who are entitled to exercise their voting rights are present. The standard of shareholders' protections under Japan law are not materially different to that under Hong Kong law.

Redemption of shares

Under Hong Kong law, a company may make a payment in respect of a redemption of its own shares out of the company's distributable profits, out of the proceeds of a fresh issue of shares made for the purpose of redemption or out of its capital. Under Japan law, any shares to be purchased by a company must be acquired from distributable profits and a company may issue callable shares so long as such shares are issued as a separate class. Our Company however issues one class of shares only, being common Share(s)* (普通株式). Our Articles provide that our Company shall not issue any class of shares other than common Shares. The standard of shareholders' protection in respect of share redemption under Hong Kong law is therefore not applicable to us.

Financial assistance

Under Hong Kong law, a company is prohibited from giving financial assistance for the acquisition of its shares or shares in its holding company in certain circumstances. Although there are no specific provisions in the Japan Companies Act that are intended to prevent financial assistance, giving direct or indirect financial assistance for the acquisition of its shares or shares in its holding company that results in a reduction of the net assets of a company would amount to a violation of fiduciary duty of directors and other officers, unless there is a reasonable ground to do so. The standard of shareholders' protections under Japan law is not materially different to that under Hong Kong law.

In addition, our Articles provide that our Company may not give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any Share except as permitted under both the Japan Companies Act and the Companies Ordinance (as if our Company was a listed company in Hong Kong).

H. ONGOING INVESTOR EDUCATION

Information contained in this section will be available at our Company's website upon Listing for the benefits of potential investors who may invest in our Company in secondary markets. If we become aware of any legal or regulatory development which may affect the information contained in this section, we will update the relevant contents on our Company's website and issue a voluntary announcement.

We will also caution our investors the risks associated with our "*bearer shares*" in our share certificates, annual/interim reports and the front page of the "Investor Relations" section of our Company's website.

C. SUMMARY OF OUR ARTICLES OF INCORPORATION AND JAPAN CORPORATION LAW

This section sets out a summary of certain provisions of our Articles, the Japan Companies Act and certain other Japan laws and policies that may be relevant to our Company and investors. As the information contained below is in summary form, it does not purport to contain all of the information that may be important to our potential investors. This section should be read in conjunction with "B. Key Japan Legal and Regulatory Matters", which summarises the Japan legal and regulatory provisions which, in our Directors' opinion, are considered more material to our Shareholders and investors.

Certain provisions under the Japan Companies Act have been amended in June 2014 and these amendments (the "*JCA Amendments*") will take effect on 1 May 2015.

1. BACKGROUND

Our Company was incorporated in Japan as a stock company* (株式会社) on 10 January 2013. Our Articles of Incorporation comprise our Company's constitution. The provisions normally set out in the articles of association of a Hong Kong-incorporated company are generally either contained in a Japanese company's articles of incorporation or stipulated in the Japan Companies Act.

Our Articles were executed by the incorporator of our Company and certified by a notary public on the date of our incorporation. Our Articles have been amended from time to time. The current Articles were last amended on 16 March 2015 and will become effective on the Listing Date.

2. OUR CORPORATE MATTERS

(a) Objects of our Company

Under our Articles:

Our Articles set out detailed and extensive, though non-exhaustive, lists of the purposes for which our Company was formed. Our Articles also allow our Company to undertake other business activities that are not explicitly stated in our Articles, provided that such activities are ancillary to the purposes of our Company stated in our Articles.

(b) Form of Company

Under our Articles:

Our Company is a stock company* (株式会社) with three committees, being our Audit Committee, Remuneration Committee and Nomination Committee.

Under the Japan Companies Act:

Companies are categorised into stock companies* (株式会社) and partnership-type companies* (持分会社). A partnership-type company is a generic concept that embraces so-called personal companies* (人的会社) (that is, companies where there are strong personal connections between its members and where a high degree of flexibility in structuring corporate governance within the organisation is recognised), such as a general partnership company* (合名会社), a limited partnership company* (合資会社) and a limited liability company* (合同会社).

Companies are also categorised into public or non-public companies, and large or other companies. A public company* (公開会社) is defined as a company whose articles of incorporation do not require the approval of the company for the transfer of any share of one or more classes of the company's stock. On the other hand, a non-public company* (株式譲渡制限会社) is a company where regarding each class of stock issued by it, transfer of any share is restricted under the articles of incorporation. Under our Articles, transfer of our Shares are free from restriction or limitation and do not require the approval of our Directors and Shareholders. Our Company is therefore categorised as a public company. Companies whose balance sheet for the most recent fiscal year shows a capital of ¥500 million or more, or total liabilities of ¥20 billion or more are defined as large companies* (大会社). There are certain differences in governance between large companies and other companies. Our Company is not a large company* (大会社).

Under the Japan Companies Act, a company may select several types of corporate governance structures. Our Company is a company with three committees* (委員会設置会社). Under the JCA Amendments, companies with three committees* (委員会設置会社) will be renamed to companies with nomination committee etc.* (指名委員会等設置会社). There is no change to the provisions governing this type of companies under the JCA Amendments in general.

(c) Share capital, share certificates and SARs

Under our Articles:

The total number of Shares authorised by our Shareholders to be issued of our Company under our Articles is 2,000,000,000 Shares. Our Company has abolished the unit share system (as described below). Our Company issues share certificates and has only one class of Shares (being common Shares* (普通株式)). Our Company is a share certificate issuing company* (株券発行会社).

Under our Articles, transfers of our Shares are free from restriction or limitation and do not require the approval of our Directors and Shareholders. Transfers of Shares are subject to certain procedures and requirements set out in our Articles. See "B. Key Japan Legal and Regulatory Matters — A. Bearer Shares" for details. Our Articles provide that the Terms of SARs (as defined below) must be determined by an ordinary resolution in a general meeting, subject to certain exceptions summarised in "— SARs" in this section below.

Under the Japan Companies Act:

Share capital

The share capital of a company is divided into shares. The amount of core capital* (資本金) is the amount paid in by those who are to become shareholders at the time of the establishment of the company, or the issue of shares. Up to half of this amount is not required to be capitalised, but this amount has to be kept as share premium* (資本準備金). The amount of the share capital is required to be registered with the relevant authorities in Japan.

Share certificates

The Japan Companies Act defines a "*share certificate issuing company*" as a company the articles of incorporation of which have provisions to the effect that a share certificate representing its shares (or, in the case of a company with class shares, shares of all classes) shall be issued. Our Company is categorised as a share certificate issuing company* (株券発行会社).

A company which does not have provisions in its articles of incorporation to issue share certificates is a non-share certificate issuing company* (株券不発行会社).

Transfer of Shares

In principle, shares are freely transferable, but companies may place a restriction on transfer of shares, for example, by subjecting such transfer to shareholders or board approval. Transfer can be restricted to all the shares, or to a specific class of shares. Under our Articles, there is no restriction on the transfer of our Shares.

Transfer of shares in a share certificate issuing company shall not become effective unless the share certificates representing such shares are physically delivered; however, this shall not apply to the transfer of shares arising out of the disposal of treasury stock* (自己株式). The subscriber for treasury stock* (自己株式) in a share certificate issuing company* (株券発行会社) shall become the shareholder of such shares on the day when the subscriber has paid consideration for such shares. Transfer of shares in a share certificate issuing company* (株券発行会社) shall not be perfected against the company unless the name and address of the person who acquires those shares is stated or recorded in the share register.

There is no limitation on the ownership of our Shares under our Articles and the Japan Companies Act.

Classes of Shares

The Japan Companies Act permits a company to issue shares with specified rights that are not associated with all shares. In order to issue classes of shares, the details and the number of such shares as can be issued need to be specified in the articles of incorporation. Our Company is permitted to issue only one class of Shares, being common Shares* (普通株式).

Unit share system

Shareholders have, in principle, one vote per share. However, if a company adopts a unit share system, a vote is given not to each share, but to a unit of shares specified under its articles of incorporation. Under the Japan Companies Act, one unit of shares cannot exceed (i) 1,000 shares; and (ii) two-hundredth of the total number of issued shares of the relevant company. Shareholders who hold shares below a unit are entitled to require the company to repurchase these odd unit shares. Our Company does not adopt a unit share system.

SARs

The Japan Companies Act defines a SAR as a right by the exercise of which the holder is entitled to receive shares of the issuing company. SARs do not need to be combined with bonds. It is possible to grant SARs on their own as well as in combination with other financial products.

Japanese companies do not issue share options. Instead, under the Japan Companies Act, they are allowed to issue Share Acquisition Rights, or SARs, which entitle the holders to acquire shares against a company by exercising such right against it.

Unlike in other jurisdictions, Japanese companies conventionally do not have underlying share option scheme plans established for the purposes of setting out the basic terms of SARs (such as the maximum number of SARs that the directors or administrators are authorised to issue and the scope of the persons to whom the SARs may be issued) that will apply to all issues made under that plan. Instead, a Japanese company that issues SARs resolves the exact terms of the SARs by a resolution of the board of directors or shareholders each time it intends to issue SARs in accordance with the Japan Companies Act.

The terms of SARs to be determined by a shareholder resolution or board resolution (the "*Terms of SARs*") include the matters such as (i) the number of the SARs to be issued and the contents of the SARs (e.g., the number of shares to be granted upon the exercise of the SARs or the method for calculating such number, the exercise price of the SARs or the method for calculating such price, the exercise period and any restriction on the transfer of the SARs); (ii) the amount to be paid for subscribing for the SARs or the method for calculating such amount; (iii) the date on which the SARs are to be allotted; and (iv) the date of payment for the subscription, if any). Depending on the situation of the issue of SARs, the Japan Companies Act determines whether such resolution is to be made at a board meeting or at a shareholders' general meeting. In general, for a public company* (公開会社) (which our Company is one), the board of directors may, in general, authorise the issue of SARs subject to the following exceptions (which are more common but non-exhaustive):

(i) if SARs are issued in a gratuitous manner and they comprise an *especially favourable* term to the subscriber, or if the SARs are issued at a price *especially favourable* to the subscriber, a special resolution in a general meeting is required and the board of directors must explain why the SARs need to be issued in such a manner in such general meeting. According to a case decided by the Tokyo District Court on 30 June

2006, whether or not the issue of SARs is made at an "*especially favourable price/ especially favourable conditions*" is determined based on the price of the SARs at the time of issue, calculated pursuant to the option pricing theory and considering factors such as the market price of the shares, exercise price of the SARs, exercise period of the SARs, interest rate, and volatility of the price of the shares (the "*Fair Option Price*"). When the amount to be paid in upon issuance (or substantive consideration for SARs when they are issued without consideration) is significantly below the Fair Option Price, then in principle, the price or condition of the SARs is interpreted to be "*especially favourable*" SARs which may be issued to the existing shareholders with or without consideration. In such cases, shareholders are entitled to subscribe to the SARs in proportion to their shareholding; and

(ii) our Articles provide that the remuneration of our Directors and Executive Officers must be determined by our Remuneration Committee. Therefore, if SARs are being issued to our Directors or Executive Officers as part of their remuneration, a resolution of our Remuneration Committee is required in addition to the Board or Shareholders' resolution that determines the Terms of SARs.

In the case of our Company, our Articles provide that the Terms of SARs must be determined by an ordinary resolution in a general meeting, subject to exceptions (i) and (ii) above.

Since our incorporation, our Company has neither issued any SAR nor authorised or resolved to issue any SAR. There is no scheme or arrangement in respect of our Company or our subsidiaries that would otherwise be regulated by Chapter 17 of the Listing Rules upon Listing.

Our Company has no current intention to issue SARs. If we choose to do so upon Listing, we will comply with all applicable laws and regulations including Chapter 17 of the Listing Rules.

(d) Directors

(i) General power

Under our Articles and the Japan Companies Act:

Our Board of Directors shall (i) make decisions relating to important matters in connection with the execution of business operations; (ii) supervise our Directors and Executive Officers in the performance of their duties; and (iii) perform other duties as prescribed under our Articles and the Japan Companies Act.

It is mandatory for each stock company* (株式会社) to have a director. In companies with three committees* (委員会設置会社), there must be a board of directors consisting of at least three directors. Certain persons such as a juridical person may not become a director of a company. However, a public company* (公開会社) (which our Company is one) may not limit the qualifications of directors by requiring such directors to be one of its shareholders.

In companies with three committees* (委員会設置会社), directors, as a rule, do not execute the business of the company. The board of directors in those companies is intended to perform a supervisory role. The board of directors of a company with three committees* (委員会設置会社) has the power to, amongst others:

- determine the execution of the business of the company;
- supervise the carrying out of duties by executive officers; and
- appoint and dismiss executive officers.

Matters which fall within exclusive jurisdiction of the board of directors (decision-making in certain significant matters involving the execution of business) include the following:

- basic management policy;
- appointment and dismissal of executive officers;
- matters regarding interrelationship between executive officers including divisions of duties between executive officers, hierarchy of commands of executive officers;
- introduction of a system to ensure compliance of executive officers carrying out duties with the law and the articles of incorporation;
- matters related to general meetings such as the convocation thereof;
- matters related to corporate reorganisations such as mergers, business transfers, demergers and statutory share exchanges;
- approval of transactions that the directors or executive officers may have a conflict of interests in; and
- discharge of liabilities of managements, including directors, in accordance with the Japan Companies Act and its articles of incorporation.

(ii) Power to issue and allot Shares

Under our Articles and the Japan Companies Act:

Under the Japan Companies Act, when a Japanese company issues new shares and SARs (including convertible bonds), certain subscription requirements (the "*Subscription Requirements*") shall be determined. The Subscription Requirements include the number of shares or SARs (including convertible bonds) to be issued, price, payment due date and other matters prescribed under the Japan Companies Act.

Under our Articles, the Subscription Requirements of any new issue of Shares or SARs (including convertible bonds) must be determined by an ordinary resolution in a general meeting, provided however that the Subscription Requirements of the issue and allotment of Shares or SARs (including convertible bonds) at a price or term *especially favourable* to the allottees must be determined by a special resolution in a general meeting. Our Board may issue and allot the Shares or SARs once the Subscription Requirements have been determined and approved by an ordinary or special resolution (as the case may be) in a general meeting.

Our Articles further provide that (a) the total number of Shares authorised by our Shareholders to be issued is 2,000,000,000 Shares; and (b) our Shareholders may entrust the power to determine the Subscription Requirements of any new issue of Shares or SARs (including convertible bonds) to our Board by way of a general mandate. The authority of the said general mandate must be approved with an ordinary resolution (or a special resolution, if such mandate specifically provides for an allotment at a price or term *especially favourable*) in a general meeting, which resolution shall prescribe, among others, the maximum number of Shares and SARs to be issued and allotted under the general mandate and the minimum price to be paid by the allottees. Under our Articles, the general mandate shall not be effective for more than one year from the date of the resolution approving the same. As advised by our Japan Legal Adviser, our Issuing Mandate was duly approved by our Shareholders at our extraordinary general meeting held on 16 March 2015.

The Articles and Japan Companies Act provisions described above apply equally to the disposal of our treasury stock* (自己株式), if any.

Issuing mandate

On 16 March 2015, our Board has been granted with the Issuing Mandate to issue, allot and deal in our Shares, the details of which are set out in "Appendix VI — Statutory and General Information — A. Further Information about our Company — 5. Extraordinary General Meeting held on 16 March 2015" in the Prospectus. Under our Articles and the Japan Companies Act, the Issuing Mandate is only enforceable when:

(i) our total number of issued Shares will not exceed 2,000,000,000 Shares, which is the total number of Shares authorised to be issued by our Company, as a result of the issue and allotment made under the Issuing Mandate; and

(ii) the allotments under the Issuing Mandate are not made at a price or term *especially favourable* to the allottees, in which case a special resolution in a general meeting is required.

For the avoidance of doubt, the Issuing Mandate grants power to our Board to issue, allot and deal with Shares only and does not grant authority to issue SARs and dispose of treasury stock* (自己株式). Our Japan Legal Adviser has confirmed that the Shareholders' resolution in our extraordinary general meeting held on 16 March 2015 approving the Issuing Mandate contained all the required information prescribed under our Articles. Our Directors have undertaken to the Stock Exchange that they will not exercise the Issuing Mandate if any of conditions (i) to (ii) set out above has not been fulfilled, in which case they will seek specific approval from our Shareholders in order to issue and allot new Shares.

As to the term "*especially favourable*" referred to in (ii) above, our Japan Legal Adviser has confirmed that there is no clear definition under Japan law as to the circumstances where the terms of an allotment may be deemed as *especially favourable* to the proposed allottees. Under the internal rules of The Japan Securities Dealers Association, an allotment may be taken as *especially favourable* to the proposed allottees when less than 90% of the market value of the Shares so allotted is set as consideration from the proposed allottees. Our Board may from time to time appoint an independent expert to determine whether an allotment is *especially favourable.*

(iii) Power to dispose of the assets of our Company or any subsidiary

Under the Japan Companies Act:

An Executive Officer may be authorised by our Board of Directors to determine and execute the disposal of our Company's assets unless such disposal constitutes transfer of material business for which Shareholders' approval is required. Neither our Directors nor our Board of the Directors of our Company have the power to dispose of any assets of any subsidiary of our Company. In addition, our Board of Directors (or an Executive Officer authorised by our Board) has the power to dispose of the shares of any subsidiary of our Company.

Under the JCA Amendments, Shareholders' approval is required if a company disposes such number of shares in its subsidiary provided that (i) the book value of such shares constitutes more than 20% of the total asset value of the company; and (ii) as a result of such disposal, the company is no longer entitled to exercise over 50% of the voting rights in such subsidiary.

(iv) Compensation or payment to Directors for loss of office

Under the Japan Companies Act:

A Director dismissed by an ordinary resolution of our Shareholders shall be entitled to demand damages arising from the dismissal from our Company, except in cases where there are justifiable grounds for such dismissal.

(v) Loans and the giving of security for loans to Directors

Under our Articles:

There are provisions in our Articles of Incorporation prohibiting the making of loans or provision of security for loans to our Directors unless such loans or security for loans are permitted under the Japan Companies Act and the Companies Ordinance (as if our Company were a public company incorporated in Hong Kong).

Under the Japan Companies Act:

Under the Japan Companies Act, loans and the giving of securities for loans to directors are not prohibited so long as the material information regarding the relevant transaction is disclosed to the board of directors to consider and, if thought fit, approve the transaction.

(vi) Financial assistance to purchase Shares of our Company

Under our Articles:

Our Company may not provide financial assistance to another person for the purpose of, or in connection with, a purchase made or to be made by any person of any Shares in our Company, unless permitted under the Japan Companies Act and the Companies Ordinance (as if our Company were a listed company incorporated in Hong Kong).

Under the Japan Companies Act:

There is no specific restriction under the Japan Companies Act on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. However, the following general provisions apply:

(i) if a company's act of financial assistance is deemed to be a provisions of benefit in connection with the exercise of shareholders' right, the directors and executive officers involved in such transaction may be subject to criminal liability and jointly and severally liable to the company for an amount equivalent to the value of such benefit;

(ii) if a company's act of financial assistance is deemed to be a fake payment of subscription monies, the relevant issue and allotment of new shares may be deemed as invalid and the subscribers (and the directors, under the JCA Amendments) involved in such transaction may be jointly and severally liable to the company for an amount equivalent to the subscription monies involved;

(iii) if a company's act of financial assistance is deemed to be an acquisition of treasury stock* (自己株式) by the company for the account of the company, the regulations concerning the repurchase of its shares (as described in "Key Japan Legal and Regulatory Matters — D. Capital Structure — Share Repurchases") apply to that act. Although there are no established rules as to what constitutes an "*acquisition for the account of the company*" and it totally depends on the situation, an example for the case where a company's financial assistance to another person is likely to be deemed as "*acquisition for the account of the company*" is the case where all of the followings are applicable:

(a) the company is aware that the financial assistance is provided for the purpose of the receiver's purchase of, or subscription for, its own or its holding company's shares;

(b) the company has no good reason to donate such financial assistance to such receiver;

(c) even though such financial assistance is provided in a form of "*loan*", there is no actual plan for the company to recover such loaned money; and

(d) any profit or loss accrued from purchase and sale of the shares purchased by the said receiver or dividend from such share belongs to the company (not the receiver).

(vii) Disclosure of interests in contracts with our Company or any subsidiary

Under our Articles:

A Director shall not vote on any resolution of our Board of Directors approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates (as defined under the Listing Rules) has a special interest (as interpreted under the Japan Companies Act) or material interest (as explained under the Listing Rules) nor shall he/she be counted towards to quorum present at the meeting, unless otherwise permitted under the Japan Companies Act and the Listing Rules.

Under the Japan Companies Act:

If a Director has a conflict of interest in any contract to be entered into by our Company, the Director must disclose all material information regarding the relevant transaction to our Board of Directors to consider and, if thought fit, approve the transaction. However, there are no specific provisions concerning the disclosure of any interest by a Director in a contract to be entered into by a subsidiary of our Company.

(viii) Remuneration

Under our Articles:

Financial benefits of our Directors received from our Company as consideration for the execution of duties, including remuneration and bonuses shall be determined by our Remuneration Committee.

(ix) Composition of the Board of Directors

Under our Articles:

Our Company must have no more than ten Directors. The number and composition of the Board of Directors shall at all times comply with the requirements under the Japan Companies Act and the Listing Rules (including the requirements for Independent Non-executive Directors).

Under the Japan Companies Act:

It is mandatory for each company to have a director. Public companies* (公開会社) (which our Company is one), companies with three committees* (委員会設置会社) (which our Company is one), and companies with a board of statutory auditors* (監査役) must have a board of directors. In these companies, there must be at least three directors.

(x) Appointment of Directors

Under our Articles:

Our Directors must be elected in a general meeting. Resolutions for the election of Directors shall be passed by majority vote of Shareholders present at the general meeting where the Shareholders holding one-third or more of the votes of the Shareholders entitled to vote are present. Directors shall not be voted by cumulative voting.

Under the Japan Companies Act:

For companies with three committees* (委員会設置会社) (which our Company is one), directors must be appointed in the general meetings. A majority vote of the shareholders present in a general meeting where shareholders representing over one-third or more of the votes need to be present is required. When the appointment of two or more directors is on the agenda, shareholders may propose resorting to the cumulative voting system, but this can be prohibited under the articles of incorporation. We have prohibited the cumulative voting system in our Articles.

(xi) Term of office

Under our Articles:

The term of office of each Director shall expire at the close of the AGM relating to the most recent business year ending within one year following the election of such Director. The term of office of a Director elected to fill a casual vacancy shall conclude simultaneously with the conclusion of the term of office of the other current Directors.

Under the Japan Companies Act:

For companies with three committees* (委員会設置会社) (which our Company is one), the term of office of a director terminates at the close of the general meeting of shareholders relating to the last fiscal year ending within one year from the election of the director. However, such term may be shortened by the articles of incorporation or a resolution of a general meeting of shareholders. We have not shortened such term in our Articles.

Under the Japan Companies Act, a causal vacancy of directors must, unless under certain limited circumstances, be filled with shareholders' approval. See "A. Waivers - B. Additional Waivers - Articles of Incorporation - Casual Vacancy" for details.

(xii) Removal of Directors

Under our Articles:

Resolutions for the dismissal of Director(s) shall be passed by an ordinary resolution of a general meeting before the expiration of the period of duty of such dismissed Director(s), regardless of the duty and capacity of such Director(s) in our Company.

Under the Japan Companies Act:

Directors can be dismissed any time in the general meeting by the majority votes of the shareholders (or a stricter resolution requirement prescribed under the articles of incorporation) present in a general meeting where shareholders holding the majority of all voting rights of the shareholders are present (or a quorum requirement prescribed under articles of incorporation provided that the quorum requirement shall at all times be more than one-third of all voting rights of the shareholders).

There is no specific provision under our Articles and the Japan Companies Act as to the retirement or non-retirement of our Directors under an age limit.

(xiii) Written service contracts

Under our Articles:

Our Company must enter into a written service contract with each Director. Any claim under such service contract shall not be affected whatsoever by the dismissal of the Director by the Shareholders.

(xiv) Qualification Shares

Under our Articles:

There is no specific provision in our Articles relating to qualification Shares. In order to be appointed as a Director, our Directors are not required to hold any Share in our Company.

Under the Japan Companies Act:

Public companies* (公開会社) (which our Company is one) are prohibited to have qualification shares.

(xv) Proceedings of a Directors' meeting

Under our Articles:

The Chairman of our Board of Directors (elected in advance by our Board of Directors) shall convene a meeting of our Board of Directors and shall act as the chairperson of the meeting. Notice of the convocation of a meeting of our Board of Directors shall be sent to each Director at least three days prior to the scheduled date of such meeting. However, the notice requirement can be waived with the unanimous consent of all Directors or shortened in case of emergency.

A resolution of our Board of Directors shall be made by a majority of Directors present at a meeting where the majority of Directors entitled to vote are present. A Director shall not vote on any resolution of our Board of Directors approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates (as defined under the Listing Rules) has a special interest (as interpreted under the Japan Companies Act) or material interest (as explained under the Listing Rules) nor shall he/she be counted towards to quorum present at the meeting, unless otherwise permitted under the Japan Companies Act and the Listing Rules.

(xvi) Exemption of Directors from liabilities

Under our Articles and the Japan Companies Act:

To the extent allowed under all applicable laws and regulations, our Company may discharge our Directors from liabilities owed to our Company by way of a resolution passed in a meeting of our Board of Directors, or our Company may enter into an agreement with an external Director*

(社外取締役) to the effect that his or her liability for damages shall be limited except where they have been grossly negligent or have acted intentionally. If our Company enters into an indemnity with an external Director* (社外取締役) (being a director who has never been a representative director* (代表取締役), an executive director, an executive officer or an employee of our Group) then the maximum cap on his liability must be the amount provided under the prevailing applicable laws and regulations (which is currently two times of his annual remuneration).

(xvii) Directors' duties

Under the Japan Companies Act:

There is a mandate relationship between our Company and our Directors. As such, Directors have a duty to act as good managers. Directors owe a fiduciary duty vis-a-vis the company: i.e., the duty to comply with the law, our Articles, and the resolutions of our Shareholders, and loyally carry out their duties.

(xviii) Retirement of Directors

There is no specific provision under our Articles and the Japan Companies Act as to the retirement or non-retirement of our Directors under an age limit.

(e) Executive Officers

(i) General

Under the Japan Companies Act:

In companies with three committees* (委員会設置会社), instead of a representative director* (代表取締役), there are executive officers who are appointed by the board of directors, but not necessarily from among the directors, and chief executive officers who are appointed by the board of directors from among executive officers to represent the company. There is a mandate relationship between the company and executive officers. Executive officers make decisions on the matters delegated to them by the decision of the board of directors, and execute the business of the company.

(ii) Number of composition

Under our Articles:

Our Company must not appoint more than ten Executive Officers.

Under the Japan Companies Act:

A company with three committees* (委員会設置会社) must appoint at least one executive officer.

(iii) Duties of Executive Officers

Under the Japan Companies Act:

Our Executive Officers shall perform the following duties:

(a) deciding on the execution of the operations of our Company that were delegated to our Executive Officers by our Board of Directors pursuant to the Japan Companies Act; and

(b) the execution of the operations of our Company.

(iv) Appointment of Executive Officers

Under our Articles:

Our Executive Officers shall be elected by a resolution of our Board of Directors.

Under the Japan Companies Act:

Same as above.

(v) Term of office

Under our Articles:

The term of office of our Executive Officers shall expire at the close of the first meeting of our Board of Directors convened following the close of our AGM relating to the most recent business year within one year following their appointment. The term of office of an Executive Officer elected in order to fill a casual vacancy of an Executive Officer shall conclude simultaneously with the conclusion of the term of office of the other current Executive Officers.

Under the Japan Companies Act:

Same as above, unless shortened by the articles of incorporation.

(vi) Chief Executive Officer

Under our Articles:

Our Chief Executive Officer shall be appointed by the resolution of our Board of Directors. Our Company may also have, but not required to have, through resolution by our Board of Directors, one president Executive Officer, several members of vice president Executive Officer(s), senior managing Executive Officer(s) and managing Executive Officer(s). The division of duties, command system and other matters concerning relationships among Executive Officers shall be determined by our Board of Directors.

Under the Japan Companies Act:

Under the Japan Companies Act, our Chief Executive Officer is the legal representative of our Company with the authority to sign and effect agreements for and on behalf of our Company.

(vii) Remuneration

Under our Articles:

The remuneration of our Executive Officers shall be determined by our Remuneration Committee. If an Executive Officer concurrently serves as an employee of our Company, including as a manager, remuneration arising out of such concurrent post shall be determined by our Remuneration Committee as well.

(viii) Borrowing power

Under the Japan Companies Act:

An Executive Officer may be authorised by our Board of Directors to determine and execute borrowings, including borrowings of a large amount.

(ix) Exemption of Executive Officers from liabilities

Under our Articles and the Japan Companies Act:

Our Company may exempt current or past Executive Officers from their liabilities for negligence in their duties under the Japan Companies Act by way of resolution of our Board of Directors to the extent allowed under the Japan Companies Act, except where they have been grossly negligent or have acted intentionally.

(f) Alternation of our Articles

Under our Articles and the Japan Companies Act:

Our Company may amend our Articles by a special resolution (or a stricter resolution for certain items) of our Shareholders in a general meeting.

(g) Alternation of capital

Under our Articles and the Japan Companies Act:

Increase and reduction of share capital

The issued capital may be increased at the time of the issuance of shares and may be reduced by a special resolution of Shareholders in a general meeting. However, where the share capital is reduced in order to cover the deficit, an ordinary resolution at the AGM will suffice. When reducing the share capital, a procedure to protect the interests of creditors needs to be followed. The company must publicise the proposed reduction and inform creditors of their entitlement to an objection within a fixed period of no less than one month in the official gazette. The company also must individually notify known creditors, but this can be exempted under certain circumstances.

Splits, gratuitous allocations and consolidations

A company may at any time split shares on issue into a greater number by a resolution of the board of directors. Under the Japan Companies Act, a company may also allot any class of shares to the company's existing shareholders without any additional contribution by resolution of the board of directors (i.e. gratuitous allocation); provided that any such gratuitous allocation will not accrue to any treasury stock* (自己株式). A company may at any time also consolidate its shares into a smaller number of shares by a special resolution in a general meeting of shareholders.

(h) Variation of rights of existing shares or classes of shares

Under our Articles and the Japan Companies Act:

Our Company is required to amend our Articles by way of special resolution in order to change the rights of our existing common Shares* (普通株式) or to issue new classes of shares.

(i) Voting / quorum requirements

Under our Articles:

Ordinary resolutions

Unless otherwise provided under applicable laws and regulations or by our Articles, ordinary resolutions in a general meeting shall be passed by a majority of the voting rights of the Shareholders present and entitled to vote at the relevant meeting, where the Shareholders holding majority of the votes of Shareholders entitled to vote are present.

Special resolutions

Unless otherwise provided under applicable laws and regulations or by our Articles, special resolutions at a general meeting shall be passed by two-third of the voting rights of the Shareholders present and entitled to vote at the relevant meeting, where the Shareholders holding one-third of the votes of Shareholders entitled to vote are present.

Under the Japan Companies Act:

In an ordinary resolution, the resolution shall, unless otherwise provided in the articles of incorporation, be passed by a majority of the voting rights of the shareholders present and entitled to vote at the relevant meeting, where the shareholders holding majority of the votes of shareholders entitled to vote are present. Quorum can be set by the articles of incorporation. In a resolution to appoint or dismiss directors or statutory auditors* (監查役), among others, even by the articles of incorporation, the quorum cannot be set below one-third. In a special resolution, the resolution shall be made by a majority of two-third (where a higher proportion is provided for in the articles of incorporation, that proportion) or more of the votes of the shareholders present at the meeting where the shareholders holding a majority (where a proportion of one third or more is provided for in the articles of incorporation, that proportion or more) of the votes of the shareholders entitled to exercise their votes at the shareholders' meeting are present. Quorum can be set by the articles of incorporation but cannot be set below one-third.

The requirements under the Japan Companies Act in respect of the requirements relating to ordinary and special resolutions have been modified by operation of our Articles as described above. Certain matters require a resolution requirement stricter than special resolutions. See " - 4. Transactions Requiring Shareholder Approval" in this section below for details.

(j) Voting rights, right to demand a poll and right to speak

Under our Articles:

Our Company has not adopted the unit share system so that each Share, in general, entitles its registered owner one vote in our general meetings. Our Articles provide that our Company must count the number of voting rights actually voted by each Shareholder (or their respective proxy and/or representative) attending the general meeting. As such, voting at our general meetings is effectively conducted by way of poll and voting by show of hand is not possible under our Articles.

Our Company has only one class of Share and does not issue Shares which do not carry voting rights.

Under the Japan Companies Act:

Shareholders (excluding (i) a shareholder who is prescribed as an entity in a relationship that may allow the company to have substantial control of such entity through the holding of one quarter or more of the votes of all shareholders of such entity or other reasons; (ii) the company itself in respect of the treasury stock* (自己株式); (iii) a shareholder who has less than one share unit; (iv) a class shareholder whose class shares do not carry voting rights and (v) a shareholder whose shares are to be repurchased pursuant to Paragraph 3 of article 140, paragraph 4 of article 160 and paragraph 2 of article 175 of the Japan Companies Act) have one vote per share or one vote per unit (for those who have adopted the unit share system). The method of voting is not restricted, and the chairperson of a general meeting generally may decide the voting method, which may include a vote by a show of hands or a standing or a poll, unless a resolution to adopt another voting method is made at the general meeting.

Under the Japan Companies Act, shareholders of a Japanese company who are entitled to at least one vote at a general meeting have the right to speak at such general meeting. If any inquiries are made by the shareholders at a general meeting, the directors must answer such inquiries except where: (i) such inquiries are not relevant to any agenda items for such general meeting; (ii) the common interests of the shareholders and/or personal interests of other shareholders may be jeopardised by the answering of such inquiries (e.g. where the inquiries are related to confidential information of the company or personal information of the other shareholders); (iii) any research or investigation is required to answer such inquiries (provided that the directors may not decline answering such inquiries if such research or investigation can be conducted easily or the shareholders have given prior notice of such inquiries to the company which gives a reasonable period of time for the company to conduct such research or investigation); (iv) such inquiries are substantially the same inquiries as those which have already been made at such general meeting; or (v) the directors have other valid reasons for not answering to such inquiries (e.g. such inquiries are likely made for the purpose of sabotaging such general meeting).

(k) Shareholders' meetings

Under our Articles:

AGMs

Under our Articles, we are required to convene our AGM within three months after the day following 31 March, which is the last day of each financial year and despatch the convocation notice of our AGM (together with its accompanying documents) at least 21 days prior to the date thereof.

Extraordinary general meetings

An extraordinary general meeting can be convened wherever necessary. Convocation notice of an extraordinary general meeting must be despatched to the Shareholders at least 14 days prior to the date thereof.

Our Company will announce the date on which an AGM or extraordinary general meeting is intended to be held at least ten weeks prior to such date. Such announcement will be made at our Company's website at **www.ngch.co.jp** and the Stock Exchange's website at **www.hkexnews.hk**.

Under the Japan Companies Act:

There are two types of the shareholders' meeting: extraordinary general meeting and annual general meeting.

A company is required to convene an annual general meeting within three months after the end of each financial year and must despatch a convocation of the AGM at least 14 days before the meeting. Notice of convocation of a general meeting setting forth the time, place, purpose thereof and certain other matters set forth in the Japan Companies Act and relevant ordinances, together with business report* (事業報告) and financial results must be mailed to each shareholder having voting rights at least two weeks prior to the date set for such meeting. Such notice may be given to shareholders by electronic means, subject to the consent of the relevant shareholders. Further, certain items to be included in the business report* (事業報告) and notes to financial results may be provided on the company's website, rather than mailed directly to individual shareholders pursuant to the provisions of its articles of incorporation. Upon Listing, we will despatch our AGM convocation notice at least 21 days prior to the date thereof in compliance after Rule 13.46(2)(a) of the Listing Rules.

(l) Transfer of Shares

Under our Articles and the Japan Companies Act:

See "B. Key Japan Legal and Regulatory Matters - A. Bearer Shares".

(m) Power for our Company to purchase our own Shares

Under our Articles and the Japan Companies Act:

See "B. Key Japan Legal and Regulatory Matters - D. Capital Structure - Share Repurchases".

(n) Shares held by subsidiaries

Under the Japan Companies Act:

Subsidiaries may not acquire shares of their parent company, subject to certain exceptions such as acquisition through certain mergers and acquisitions transactions, acquisitions without consideration, and acquisitions as distribution of surplus from a company other than the parent company. When a subsidiary acquires shares of its parent company pursuant to such exceptions, it is not entitled to vote at any general meeting and is required to dispose of them at an appropriate time.

(o) Proxies

Under our Articles and the Japan Companies Act:

See "B. Key Japan Legal and Regulatory Matters - B. Shareholders' Meetings - Proxies and Corporate Representatives".

(p) Call of Shares and forfeiture of Shares

Under the Japan Companies Act:

Our Company cannot issue partly-paid Shares, and therefore, our Company cannot make a call upon the Shareholders to pay any money unpaid on the Shares held by them. A special resolution in a general meeting is required if our Company wishes to merge or conduct other structural changes to our Company that may entail the forfeiture of any Shares in our Company. In order to protect minority shareholders, the Japan Companies Act provides that in general, shareholders who object to such a special resolution are entitled to receive the fair market value of such forfeited Shares from the relevant company.

(q) Inspection of Share Register

Under our Articles and the Japan Companies Act:

See "B. Key Japan Legal and Regulatory Matters - C. Shareholders' Rights - Inspection of our Share Register".

(r) Inspection of register of Directors

Under the Japan Companies Act:

There is no concept of a "*register of directors*" under Japan law. However, the name of each Director and Executive Officer are registered in the commercial register in accordance with the Japan Companies Act.

(s) Inspection of other corporate records

Accounting documents

Shareholders who have 3% (or, where a lesser proportion is prescribed in the articles of incorporation, that proportion) or more of the voting rights in the company, or of the issued shares of the company are entitled to inspect and make a copy of the accounting documents by giving reasons. The company is not entitled to refuse the request unless (i) the shareholder makes this request to pursue goals other than the investigation for the protection or exercise of his or her rights, (ii) the shareholder makes this request to obstruct the company's execution of business and to harm the common interests of shareholders, (iii) the shareholder is in a business substantially in competition with the company, or is involved in the business, (iv) the shareholder makes the request in order to report facts which he/she learns by inspecting or copying the account books or materials relating thereto to third parties for profit, or (v) the shareholder is a person who has reported facts which he/she has come to learn by inspecting or copying the account books or materials relating thereto to third parties for profit during the last two years.

If it is necessary in order to exercise the rights of a member of the parent company of a company , he/she (who has 3% or more of voting rights in the shares of such parent company) may, with the court's permission, make the request stated above with respect to account books or materials relating thereto of such company. In those cases, the reasons for the request shall be disclosed.

Commercial register

A company is required to register certain matters such as (i) the purpose of the company, (ii) its trade name; (iii) the location of the principal office of the company; (iv) its share capital; (v) the total number of shares authorised to be issued; (vi) the details of shares; (vii) the number of share unit (if any); (viii) the total number of issued shares; (ix) the name, address and business office of the administrator of the share register (if any), (x) the matters regarding SARs; (xi) the names of directors and executive officers; (xii) members of the audit, remuneration and nomination committees; (xiii) if the company is a company with a board of directors, a company with accounting advisors, a company with an accounting auditor, a company with statutory auditors, a company with a board of statutory auditors and/or a company with three committees, a statement to that effect and other relevant information , (xiv) if there are provisions in the articles of incorporation with regard to exemptions from liability of directors, accounting advisers, statutory auditors, executive officers or accounting auditors, such provisions of the articles of

incorporation, (xv) there are provisions in the articles of incorporation with regard to the agreements for the limitation of liabilities assumed by external directors, accounting advisers, outside statutory auditors or accounting auditors, such provisions of the articles of incorporation, (xvi) the URL for disclosure of certain information to be included in financial statements, and (xvii) the matters regarding public notice. In addition to the above, certain corporate actions such as mergers* (合併) are also registered.

Anyone may inspect the commercial register at the legal affairs bureau having jurisdiction over the company.

(t) Dissolution and liquidation

Under the Japan Companies Act:

Dissolution

A company may dissolve itself by adopting a special resolution in a general meeting. Upon dissolution of the company, its director(s) will cease to serve in such directorial capacity and the former director(s) will become the liquidator(s) of the company by default, unless otherwise provided for in its articles of incorporation or determined by a resolution in a general meeting. After the company is dissolved, it will continue to exist as a corporate entity. However, its sole purpose will be to liquidate itself. In other words, the dissolved company is not able to operate its business in the same manner as it did prior to the dissolution.

Liquidation

Once the company is dissolved, it will then proceed to liquidate itself. Liquidation is a procedure for the company to wind-up its affairs and eventually cease to be a corporate entity. During this process, liquidators will act as representatives of the company, replacing such representatives who were the company's representative director* (代表取締役) or chief executive officer before the dissolution.

(u) Untraceable members

Under our Articles:

Where power is exercised to sell the Shares of a Shareholder who is untraceable under the Japan Companies Act, our Company shall not exercise such power unless (a) during a period of 12 years, at least three dividends in respect of the shares in question have become payable and no dividend during the period has been received; and (b) on expiry of the 12 years, our Company notifies the Stock Exchange of such intention and gives notice of its intention to sell the Shares by way of an advertisement published in a newspaper in both Japan and Hong Kong.

The provisions in our Articles in respect of untraceable members are in compliance with paragraph 13(2) of Appendix 3 to the Listing Rules.

Under the Japan Companies Act:

In cases where notices have not reached a shareholder for five consecutive years and the shareholder of such shares has not received dividends of surplus for five consecutive years, a company shall be entitled to sell or auction the shares of such a shareholder. In exercising this right, a company is required to make a public notice and make a demand to a shareholder or a registered pledgee of shares seeking no objection to such action at least three months before such sale or auction. We have implemented more restrictive provisions in our Articles as described in the immediately preceding paragraph.

(v) Public notice

Under our Articles:

Our Company is entitled to distribute our public notices electronically, though our Company must publish an announcement in the Nihon Keizai Shimbun newspaper, the South China Morning Post and Hong Kong Economic Journal in the event that such electronic distribution is impossible.

(w) Three Committees

Under our Articles:

Our Company is a company with three committees* (委員会設置会社) and has established the Audit Committee, Remuneration Committee and Nomination Committee. Each such committee shall be composed of three or more Directors and the majority thereof shall be external Directors* (社外取締役). The members of each such committee shall be appointed and dismissed by the resolution of our Board of Directors and the composition of each such committee shall, from time to time, comply with the requirements under the Japan Companies Act and the Listing Rules.

We have amended the rules of our Audit Committee, Remuneration Committee and Nomination Committee to comply with the content requirements under Chapter 3 of, and Appendix 14 to, the Listing Rules. See "Directors and Senior Management - Board Committees" in the Prospectus for details.

Under the Japan Companies Act:

Under the Japan Companies Act, each of the three committees shall comprise three or more Directors and the majority of them shall be external Directors* (社外取締役).

The nomination committee shall determine the contents of proposals regarding the election and dismissal of directors to be submitted to a general meeting.

The audit committee shall audit the execution of duties by executive officers and directors and preparing audit reports and determine the contents of proposals regarding the election and dismissal of accounting auditors and the refusal to re-elect accounting auditors to be submitted to a shareholders meeting.

The remuneration committee shall determine the remunerations for individual executive officers and directors.

(x) Accounting auditors

Under our Articles and the Japan Companies Act:

Accounting auditors shall audit the financial statements and the supplementary schedules thereof, the temporary financial statements as well as the consolidated financial statements of a company. The accounting auditor shall be elected in a general meeting. The term of office of accounting auditor shall expire at the close of the annual general meeting for the most recent financial year ending within one year following their election.

Our Company may exempt accounting auditors from their liabilities for negligence in their duties under the Japan Companies Act by way of resolution of our Board of Directors to the extent allowed under the Japan Companies Act, except where they have been grossly negligent or have acted intentionally. Our Company may enter into contracts with accounting auditor to the effect that the liabilities for negligence in its duties under the Japan Companies Act shall be limited to the amount provided for in applicable laws and regulations, except where its has been grossly negligent or have acted intentionally.

(y) Quorum for meetings and separate class meetings

Under our Articles:

Under our Articles, a quorum for an ordinary resolution shall be present where Shareholders holding a majority of the voting rights in our Company are present whereas a quorum for a special resolution shall be present where Shareholders holding one-third or more of the voting rights in our Company are present.

Further, our Company is not allowed to issue any class of shares other than our common Shares* (普通株式). Our Articles therefore do not contain provision as to the circumstances where a separate class meeting is required.

(z) Conflict of interests

Under the Japan Companies Act:

In the following cases, the relevant directors and executive officers must disclose all the material facts regarding the transactions to the board of directors and seek its approval:

- where a director or executive officer effects a transaction within the area of business of the company for himself or for the benefit of a third party.

- where a director or executive officer effects a transaction with the company for himself or for the benefit of a third party.

- where the company effects a transaction with a third party involving a conflict of interests between the company and the director, such as in cases where the company guarantees the debt of the director to a lender.

Upon execution of the transaction, the director and executive officers executing the transaction shall also report promptly the material information regarding such transaction to the board of directors.

(aa) Indemnification

Under the Japan Companies Act:

If the officers (the directors, the executive officers and the accounting auditors) of a company shall be liable to such company for damages arising as a result of negligence of their duties, there are some indemnity provisions applicable to them under the Japan Companies Act.

3. PROTECTION OF MINORITY SHAREHOLDERS

Under our Articles and the Japan Companies Act:

Request for a general meeting

A Shareholder who has no less than 3% of the voting rights in our Company may request our Directors to convene a general meeting. If our Directors do not send out a convocation notice for such general meeting to be held and such general meeting is not convened by our Directors within eight weeks from the date of such request, the relevant Shareholder who made the request may convene a general meeting with court permission.

Request for additional matters in a meeting agenda

Any Shareholder who has either (i) no less than 1% of the voting rights in our Company; or (ii) no less than 300 Shares may request our Directors to include certain additional matter(s) or amend certain existing matter(s) in the meeting agenda of a general meeting. Such request must be made to our Directors no less than eight weeks prior to the general meeting of our Company. If the request is made to our Directors less than eight weeks prior to the general meeting, the requested additional matter(s) or amendment(s) may be included or made in the next general meeting of our Company.

Our Articles provide that we must announce (as a voluntary announcement on the Stock Exchange's website and our Company's website) the date of a general meeting no less than 10 weeks prior to the date of that meeting so that our Shareholders, if eligible, will have a two-week period to exercise the rights set out above.

Request for last-minute amendments to a meeting agenda

After the convocation notice of a general meeting has been despatched, a Shareholder is permitted to propose a last-minute amendment to the matters included in an existing meeting agenda of a general meeting of our Company without any prior notice if a matter of similar nature is included in the original meeting agenda. For example, a Shareholders may propose last-minute amendments to an existing meeting agenda and nominates a person for election as a director at any time before the relevant general meeting or even at the meeting, if the original meeting agenda includes a proposal of the appointment of a new Director, or Directors, to our Board of Directors. These last-minute amendments are a theoretical mechanism which, according to our Directors' knowledge, is exceptionally rarely put into actual practice in Japan.

If any agenda in a general meeting is rejected without receiving 10% of the votes cast in that general meeting, last-minute amendments of substantially the same nature will not be treated as an official agenda in the forthcoming general meetings within the following three years. For example, Shareholders may not be able to propose a person for election as a proposed Director as a last-minute amendment in the following three years if a last-minute nomination of the same person as a Director fails to receive 10% favourable votes in a general meeting in the past three years (so long as the background and conditions of both proposals are similar).

Due to these Japan law provisions, we are unable to comply with Rule 13.70 of the Listing Rules and paragraph 4(4) of Appendix 3 to the Listing Rules, which provide that (i) an issuer shall publish an announcement or issue a supplementary circular upon receipt of a notice from a shareholder 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; and (ii) the minimum length of the period for notice to propose a person for election as a director and that person to notify the issuer of his willingness to be elected, must be at least seven days. We have applied

for, and the Stock Exchange has granted us, a waiver from strict compliance with these requirements on the basis of the voluntary measures we put in place, the details of which are set out in "Waivers - B. Additional Waivers - Announcement of Nomination of Director(s)" and "Waivers - B. Additional Waivers - Articles of Incorporation - Nomination of Director(s).

Shareholders and potential investors (in particular, CCASS Beneficial Owners, who customarily do not attend general meetings in person) should note that you may lose the chance to vote on a last-minute amendment if you do not attend a general meeting in person, or if you have not appointed a proxy to attend and vote on your behalf. Under our Articles, where a Shareholder (including CCASS Beneficial Owners, who cast their votes by giving instructions to HKSCC Nominees) has casted a written vote on the original matter (regardless of whether such vote was for, against or abstained from the relevant matter), his/her vote will be counted as abstention from any last-minute amendment thereof. If a Shareholder has not casted a written vote on the original matter, they will lose the right to vote on any last-minute amendment thereof unless they attend the relevant general meeting in person or through their proxies. CCASS Beneficial Owners who are unable to give instructions to HKSCC Nominees on the original matter prior to the specified deadline will lose their right to vote on any last-minute amendment thereof. In both circumstances, the voting rights of the relevant Shareholder / CCASS Beneficial Owner will not form the quorum of the original matter and any last-minute amendment thereof.

Casting your votes in different ways

Under the Japan 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 intention and the reasons therefor at least three days prior to the date of the relevant general meeting. Our Company may object to a Shareholder casting his/her votes in different ways if the Shareholder holds our Shares on his/her own behalf rather than as a nominee on behalf of others. Upon Listing, we will enclose a notification form with the convocation notice of each general meeting. Shareholders who wish to cast their votes in different ways should notify our Company by completing and returning the prescribed notification form to our Hong Kong Share Registrar. Shareholders (including nominee companies such as HKSCC Nominees) may also make a permanent election to cast their votes in different ways at all forthcoming general meeting, which may be withdrawn by writing to our Hong Kong Share Registrar.

Derivative Actions

In a derivative action, shareholders are allowed to pursue the liability of directors vis-a-vis the company on its behalf. In addition to the recovery of the loss to the company, this system also functions as a deterrent against neglect of duties and wrongdoing by directors and other officers of the company. Shareholders who have held a share for six months or more (or, where a shorter period is prescribed in the articles of incorporation, that period or more) before taking action are entitled to require the company, in writing, to initiate an action to pursue the liability of directors, executive officers, accounting auditors, accounting advisors, statutory auditors* (監查役)

incorporators, directors and statutory auditors* (監査役) in the establishment procedure, and liquidators. However, if the action is intended for the unjust benefit of the plaintiff shareholder, or a third party, or to cause damage to the company, this does not apply. If the company does not take any action within 60 days of the request, the shareholder who made the request is entitled to initiate an action in pursuit of liability of the directors, executive officers, accounting auditors, accounting adviser, statutory auditors* (監査役), incorporators, directors and statutory auditors* (監査役) in the establishment procedure and liquidators. If, by waiting sixty days, there is a likelihood of irrecoverable loss caused to the company, the shareholder may initiate an action straight away. Liability of directors can be capped (i) by a resolution of the general meeting after the incident, or (ii) by a board resolution under the provisions of the articles of incorporation in advance. However, if shareholders holding not less than three hundredths (or, where a lesser proportion is prescribed in the articles of incorporation, that proportion) of the votes of all shareholders (excluding officers subject to the liability) state objections to such a cap during a specified period of time, the company is not permitted to give effect to the cap pursuant to the relevant provisions of the articles of incorporation.

4. TRANSACTIONS REQUIRING SHAREHOLDERS APPROVAL

Under our Articles and the Japan Companies Act:

Ordinary resolutions* (普通決議)

Certain corporate acts and transactions must be, in general, approved by way of an ordinary resolution in a general meeting (i.e. a majority of the voting rights of the Shareholders present and entitled to vote at the relevant meeting, where the Shareholders holding majority of the votes of Shareholders entitled to vote are present). These corporate acts and transactions are, amongst others:

- distribution of surplus* (剰余金);
- repurchase of shares;
- reduction of the amount of reserves;
- increase of the amount of core capital* (資本金) by way of reduction of the amount of surplus;
- increase of the amount of reserves* (法定準備金) by way of reduction of the amount of surplus* (剰余金); and
- appropriation of its surplus* (剰余金), including disposition of loss and funding of voluntary reserves.

Special resolutions* (特別決議)

Certain corporate acts and transactions must be, in general, approved by way of a special resolution at a general meeting (i.e., two-third of the voting rights of the Shareholders present and entitled to vote at the relevant meeting, where the Shareholders holding a majority (or one third, if our Articles so provide) of the votes of Shareholders entitled to vote are present). These corporate acts and transactions are, amongst others:

- reverse stock split;
- issue and allotment to a third party (other than our Company and our existing Shareholders) at an *especially favourable* subscription price as described in paragraph (d)(ii) above;
- issuance of SARs at an especially favourable subscription price or especially favourable conditions as described in paragraph (c) above;
- distribution of dividend in kind without giving shareholders the rights to demand distribution in cash;
- acquisition at any time within two years after the incorporation of the company of assets that existed prior to such incorporation and which continue to be used for its business;
- merger;
- corporate split;
- share exchange* (株式交換) and share transfer* (株式移転);
- assignment of the entire business or a significant part of the business; and
- dissolution of the company.

Qualified special resolutions (特殊決議)

With respect to resolutions for matters described below, the approval of both (i) 50% or more of the shareholders who are entitled to exercise their voting rights at a general meeting; and (ii) two thirds or more of the votes of such shareholders is required:

- amendment to the articles of Incorporation, as a result of which any or all of the Shares of the company is subject to transfer restriction and requires the approval of the board of directors;

- approval of an absorption-type merger* (吸収合併) by which the company would be dissolved or of a statutory share exchange by which the company would become a wholly-owned subsidiary, where the Company does not restrict transfer of its shares and all or part of the consideration paid to the shareholders consist of shares with transfer restrictions; and

- approval of an incorporation-type merger* (新設合併) by which the company would be dissolved or of a statutory share transfer by which the company would become a wholly-owned subsidiary, where the company does not restrict transfer of its shares and all or part of the consideration paid to the shareholders consist of Shares with transfer restrictions.

Absorption-type mergers* (吸収合併) and incorporation-type mergers* (新設合併) are the two types of mergers allowed under the Japan Companies Act. An absorption-type merger* (吸収合併) is a merger whereby an existing company absorbs one or more other existing companies, while an incorporation-type merger* (新設合併) is a merger whereby a new company is incorporated to absorb one or more existing companies.

As a general rule, a special resolution is sufficient for approving an absorption-type merger or an incorporation-type merger. However, as exceptions to the general rule, Japan law requires a more stringent approval requirement for the two types of transactions above as holders of shares without transfer restrictions in the pre- merger entity would, as a result of the two types of transactions above, become holders of shares with transfer restrictions in the post-merger entity, thereby limiting their equity interests.

With respect to resolutions for matters described below, the approval of both (i) 50% or more of all shareholders; and (ii) 75% or more of the votes of such shareholders is required:

- amendment to the Articles of Incorporation that would result in unequal treatment to any Shareholder.

Unanimous approvals

Corporate acts and transactions that must be unanimously approved by the Shareholders are, amongst others:

- Amendments to the articles of incorporation reclassifying all of the shares of the Company into shares subject to a statutory call option of the company (similar to redeemable shares);

- conversion to general partnership company, limited partnership company or limited liability company (Article 776(1) of the Companies Act); and

- merger or share transfers in which all or part of consideration to the shareholders of a company to be absorbed or wholly acquired is the equity of a general partnership company, limited partnership company or limited liability company (Article 783(2) of the Companies Act);

- incorporation type merger in which each of general partnership company, limited partnership company or limited liability company will be established;

- full exemption from certain types of liability of a director, accounting auditor and executive officers;

- convocation of a general meeting without sending a convocation notice; and

- passing a written resolution without convening a general meeting.

5. ACCOUNTING AND AUDITING REQUIREMENTS

Under our Articles and the Japan Companies Act:

Financial year

Under our Articles, the financial year of our Company commences on 1 April of each year and ends on 31 March of each year.

Accounting documents

Under Japan law and our Articles, we are required to convene our AGM within three months after the day following 31 March, which is the last day of each financial year. Under our Articles and the Listing Rules, we are required to despatch the convocation notice of our AGM at least 21 days prior to the date thereof. Upon Listing, we will, as required under the Listing Rules and the Japan Companies Act, prepare and despatch the following documents together with our AGM convocation notice:

(a) a business report* (事業報告), which would include overview of our key business status, such as, the progress and results of the business, capital expenditures and fund-raising, trends in assets and profit/loss in the most recent three financial years, corporate reorganisations, status of major subsidiaries, shares outstanding and major shareholders, SARs, operation systems, and a status update of other important aspects of our business. Our business report* (事業報告) will be prepared in Japanese, English and Chinese upon Listing;

(b) an audited financial report, which would include material annual financial information such as the auditor's report and opinion, the consolidated statement of income, consolidated balance sheet, consolidated statement of changes in net assets, and notes to the consolidated financial statements, and the same for the statements of our Company and of our Group on a consolidated basis, respectively. Our audited financial report will be prepared in accordance with the JGAAP as required under the Japan Companies Act in Japanese, English and Chinese; and

(c) either (i) an annual report including our Group's annual accounts, which will be in compliance with the contents requirements under Appendix 16 to the Listing Rules; or (ii) a summary financial report, which will be in compliance with the contents requirements under Rule 13.46(2)(a) of the Listing Rules. Our annual report or summary financial report, as the case may be, will be prepared in accordance with the IFRS.

All documents above will be approved and authorised by our Board of Directors before they are despatched to our Shareholders. Once approved by our Board of Directors, our Company would despatch such financial statements and business reports* (事業報告) to all registered Shareholders entitled to receive the convocation notices of the general meetings of our Company along with the convocation notice of an AGM at which statements are presented for reporting by the Chief Executive Officer of our Company or, in the limited instances set forth below, for the approval of Shareholders.

Upon Listing, our Company will hold a single AGM that fulfils both the requirements under the Companies Act and the Listing Rules.

Approval of financial statements

In cases where the financial statements prepared in accordance with JGAAP having been approved by our Board satisfy the requirements prescribed by the ordinance of the Ministry of Justice as statements that accurately indicated the status of the assets and profits and losses of our Company in compliance with the Japan Companies Act and our Articles, our Chief Executive Officer must report the contents of such financial statements to our Shareholders at the AGM. This reporting requirement will be satisfied (and approval of the Shareholders will not be required) provided that the following requirements provided in the applicable ordinance of the Ministry of Justice are met:

(1) the audit report prepared by the accounting auditor includes an unqualified opinion that the financial statements appropriately reflects in all material respects the assets and liabilities and the profit and loss of the Company in accordance with JGAAP;

(2) the audit report prepared by our Audit Committee does not express the opinion that the method and result of the audit carried out by the accounting auditor is inappropriate;

(3) there is no dissenting opinion submitted to our Audit Committee that the method and result of the audit carried out by the accounting auditor is inappropriate;

(4) the audit report prepared by our Audit Committee has been delivered to the relevant Director designated to receive such report or, if no such designation has been made, the Director overseeing the preparation of the financial statements (the "*Designated Director*"), and the accounting auditor, prior to the later of:

(i) one week after delivery of the audit report prepared by the accounting auditor to our Audit Committee, which shall be delivered on the later of the following dates:

(a) four weeks after the accounting auditor receives the financial statements from our Company;

(b) one week after the accounting auditor receives attachments* (附屬明細書) to the financial statements; or

(c) a date separately agreed upon by the Designated Director, members of our Audit Committee and the accounting auditor as the deadline for the delivery of the audit report by the accounting auditor;

(ii) a date separately agreed upon by the Designated Director and our Audit Committee as the deadline for delivery of the audit report by our Audit Committee.

After the conclusion of the AGM convened, our Company must either, pursuant to the applicable ordinance of Ministry of Justice, (i) provide public notice of our balance sheet and profit and loss statements prepared in accordance with JGAAP of our Company or the digest thereof; or (ii) disclose the balance sheet and profit and loss statements prepared in accordance with JGAAP of our Company on the internet for a period of five years. If the financial statements prepared in accordance with JGAAP fail to meet the requirements of the applicable ordinance of the Ministry of Justice, Shareholders' approval of such financials will be required to finalise them. If such Shareholders' approval cannot be obtained, in order to finalise the JGAAP financial statements, our Board of Directors may revise such financial statements so that they meet the requirements of the applicable ordinance of the Ministry of Justice, in which case Shareholders' approval will no longer be necessary. Alternatively, our Board of Directors may convene another Shareholders' meeting to obtain Shareholders' approval after amending the JGAAP financial statements in the event such amended financial statements still fail to meet the requirements of the applicable Ordinance of the Ministry of Justice. Since the requirement to present financial statements in accordance with JGAAP and financial statements in accordance with IFRS are independent of one another, in the event that Shareholders' approval is required in connection with the JGAAP financial statements and our Company is unable to obtain such approval, the presentation of the financial statements in accordance with IFRS to Shareholders will not be affected. With regard to financial statements prepared in accordance with IFRS, although it may do so voluntarily, our Company is not required under the applicable ordinance of the Ministry of Justice and the Companies Act to obtain Shareholders' approval of such financial statements at a Shareholders' meeting. Our Company, in practice, will seek to obtain Shareholders' approval of the IFRS financial statements at a Shareholders' meeting, and if our Company is unable to obtain such Shareholders' approval, our Company will revise our IFRS financials and convene another Shareholders' meeting as soon as practicable to obtain Shareholders' approval of the amended IFRS financials.

Our Company will procure our accounting auditors to prepare reconciliation between our financial statements under JGAAP and IFRS for each of our financial years upon the Listing and despatch such reconciliation documents to our Shareholders together with our annual report.

6. DIVIDENDS AND DISTRIBUTIONS

Under our Articles and the Japan Companies Act:

Under the Japan Companies Act, a company may stipulate in its articles of incorporation that its board of directors may determine dividend distribution unless such dividend is proposed to be paid in kind (other than shares, bonds (including convertible bonds) and SARs issued by such company, which the Japan Companies Act prohibits) without giving shareholders the right to demand distribution in cash (in which case a special resolution in a general meeting would be required). Accordingly, under our Articles, our Company may distribute dividend by a resolution of our Board of Directors unless such dividend is be paid in kind (other than Shares, bonds (including convertible bonds) and SARs issued by our Company, which the Japan Companies Act prohibits) without giving Shareholders the right to demand distribution in cash. A resolution of our Board of Directors authorising a distribution of dividends must specify the kind and aggregate book value of the assets to be distributed, the manner of allocation of the assets to Shareholders and the effective date of the distribution.

Under the Japan Companies Act, Shares, bonds (including convertible bonds) and SARs issued by our Company are prohibited from being distributed as dividend and interim dividend can only be distributed as cash. Scrip dividends in the form of Shares, bonds (including convertible bonds) or SARs issued by our Company are prohibited under the Japan Companies Act. The Japan Companies Act provides that a company with a board of directors may distribute interim dividends every financial year if a company provides in its articles of incorporation that it may do so by a resolution of the board of directors. Our Articles contain such provision.

According to the Civil Code, claims, including shareholders' rights to receive distributions of dividends and residual assets, are extinguished if they had not been exercised for ten years, unless there is a Japanese court precedent permitting a provision to be included in the articles of incorporation of a Japanese company allowing shareholders' rights to receive distributions of dividends to be extinguished if it has not been exercised for five years. On 3 August 1927, the Supreme Court of Japan ruled that a Japanese company may, in its articles of incorporation, allow Shareholders' rights to receive dividends to be extinguished if it has not been exercised for a period less than ten years. Accordingly, under our Articles of Incorporation, all dividends unclaimed for six years after having been declared may be forfeited by, and reverted to, our Company.

Distributable Amounts

When we distribute dividends, the smaller amount of (i) 10% of the surplus so distributed, or (ii) an amount equal to one quarter of our share capital less the aggregate amount of our share premium* (資本準備金) and legal reserve* (利益準備金) as at the date of such distribution needs to be set aside either as share premium* (資本準備金) or legal reserve* (利益準備金) until the aggregate amount of our share premium* (資本準備金) or legal reserve* (利益準備金) reaches one quarter of our core capital* (資本金).

Under the Japan Companies Act, a company may distribute dividends up to the excess of the aggregate of (a) and (b) below, less the aggregate of (c) through (f) below, as at the effective date of the distribution (the "*Distributable Amount*"), if net assets are not less than ¥3,000,000:

(a) the amount of retained earnings* (剰余金), as described below;

(b) in the event that extraordinary financial statements as at, or for a period from the beginning of the financial year to, the specified date are approved, the aggregate amount of (i) the aggregate amount as provided for by an ordinance of the Ministry of Justice as the net income for such period described in the statement of operations constituting the extraordinary financial statements, and (ii) the amount of consideration received for treasury stock* (自己株式) disposed of during such period;

(c) the book value of treasury stock* (自己株式);

(d) in the event that a company disposes of treasury stock* (自己株式) after the end of the latest financial year, the amount of consideration received for such treasury stock* (自己株式);

(e) in the event described in (b) above, the amount of net loss for such period described in the statement of operations constituting the extraordinary financial statements; and

(f) certain other amounts set forth in ordinances of the Ministry of Justice, including (if the sum of one-half of our goodwill and deferred assets exceeds the total of our share capital, share premium* (資本準備金) and legal reserve* (利益準備金), each such amount as it appears on the balance sheet as at the end of the latest financial year) all or a certain part of such excess amount as calculated in accordance with the ordinances of the Ministry of Justice.

For the purpose of (b) above, an extraordinary financial statement of a company is (aa) a balance sheet of such company as at the extraordinary account closing date, which is a particular date in the current financial year designated at the discretion of such company; and (bb) a profit and loss statement of such company for the period commencing from the first date of the current

financial year and ending on the extraordinary account closing date. Under Japan law, a company may opt to, but is not required under any circumstances to, prepare extraordinary financial statements, especially when such company wishes to know its financial status at a particular point of the current financial year.

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 fiscal year.

For the purposes of this section, the amount of retained earnings* (剰余金) is the excess of the aggregate of I. through IV. below, less the aggregate of V. through VII. below:

I. the aggregate of other capital surplus* (その他資本剰余金) and other retained earnings* (その他剰余金) at the end of the last financial year;

II. in the event that a company disposes treasury stock* (自己株式) after the end of the last financial year, the difference between the book value of such treasury stock* (自己株式)and the consideration received for such treasury stock* (自己株式);

III. in the event that core capital* (資本金) is reduced after the end of the last financial year, the amount of such reduction less the portion thereof that has been transferred to share premium* (資本準備金) and/or legal reserve* (利益準備金) (if any);

IV. in the event that share premium* (資本準備金) and/or legal reserve* (利益準備金) were reduced after the end of the last financial year, the amount of such reduction less the portion thereof that has been transferred to share capital (if any);

V. in the event that a company cancels treasury stock* (自己株式) after the end of the last financial year, the book value of such treasury stock* (自己株式);

VI. in the event that a company distributes dividends after the end of the last financial year, the aggregate of the following amounts:

    a. the aggregate amount of the book value of the distributed assets, excluding the book value of such assets that would be distributed to shareholders as a result of their exercise of the right to receive dividends in cash instead of dividends in kind;

    b. the aggregate amount of cash distributed to shareholders who exercised the right to receive a distribution in cash instead of a distribution in kind; and

    c. the aggregate amount of cash paid to shareholders holding fewer shares than the shares that were required in order to receive a distribution in kind;

VII. the aggregate amounts of a. through d. below, less e. and f. below:

a. in the event that the amount of retained earnings* (剰余金) was reduced and transferred to share premium* (資本準備金), legal reserve* (利益準備金) and/or core capital* (資本金) after the end of the last financial year, the amount so transferred;

b. in the event that a company distributes dividends after the end of the last financial year, the amount set aside in the reserve* (準備金);

c. in the event that a company disposes treasury stock* (自己株式) through (x) a merger in which a company acquires all rights and obligations of another company, (y) a corporate split in which a company acquires all or a part of the rights and obligations of the split-off company or (z) a share exchange in which a company acquires all shares of another company after the end of the last financial year, the difference between the book value of such treasury stock and the consideration that the company received for such treasury stock;

d. in the event that the amount of retained earnings* (剰余金) was reduced in the process of a corporate split in which a company transferred all or a part of its rights and obligations after the end of the last financial year, the amount so reduced;

e. in the event of (x) a merger in which a company acquires all rights and obligations of another company, (y) a corporate split in which a company acquires all or a part of the rights and obligations of the split- off or (z) a share exchange in which a company acquires all shares of another company after the end of the last fiscal year, the aggregate amount of (i) the amount of other capital surplus* (その他資本剰余金) after such merger, corporate split or share exchange, less the amount of other capital surplus* (その他資本剰余金) before such merger, corporate split or share exchange, and (ii) the amount of other retained earnings* (その他剰余金) after such merger, corporate split or share exchange, less the amount of other retained earnings* (その他剰余金) before such merger, corporate split or share exchange; and

f. in the event that an obligation to cover a deficiency, such as the obligation owed by a person who subscribed to newly issued shares with an unfair amount to be paid in, was fulfilled after the end of the last fiscal year, the amount of other capital surplus increased by such payment.

7. MERGERS AND ACQUISITIONS

Under the Japan Companies Act:

(i) Mergers* (合併)

Absorption-type mergers* (吸収合併) and incorporation-type mergers* (新設合併) are the two types of mergers allowed under the Japan Companies Act. An absorption-type merger* (吸収合併) is a merger whereby an existing company absorbs one or more other existing companies, while an incorporation-type merger* (新設合併) is a merger whereby a new company is incorporated to absorb one or more existing companies.

The company must seek a special resolution under the Japan Companies Act and the articles of incorporation of the company at the a general meeting if it conducts a merger, unless:

(i) the company is the surviving entity in relation to the merger and the consideration to be paid to the shareholders of the counterparty (absorbed entity) is 20% or less of the net asset of the company; or

(ii) the counterparty has 90% or more of the outstanding shares of the company.

Shareholders who are opposed to the planned merger are entitled to require the respective company to purchase their shares at a fair price. Shareholders who have voting rights and have informed the company of their objection before the general shareholders' meeting and have voted against the merger, or shareholders who do not have voting rights, may exercise these rights. The appraisal right must be exercised within twenty days before the date the merger takes effect and the day before this date.

Since creditors may be affected by the merger, there is a procedure for the protection of creditors. The merging companies are under an obligation to publicly announce the merger in the official gazette and also to invite known creditors to come forward, if they object to the merger. By the articles of incorporation, companies may decide not to notify known creditors individually, but instead make an announcement in the daily papers, or notify the creditors by electronic means, in addition to the announcement in the official gazette.

If a creditor objects to the merger, the company needs to either (i) repay the debt even if it is not due, (ii) instead, provide collateral, or (iii) deposit an appropriate amount with a trust company or banks involved in trust business. However, the novelty since the 1997 amendments is that if there is no likelihood of the merger harming the creditors, these measures are not required.

Under the Japan Companies Act, it has become permissible to use the stock of the parent of the surviving company as consideration in an acquisition or disposal, thereby enabling triangular mergers.

In mergers by setting up a new company, the merger takes effect by registration. In mergers by absorption, the rights and obligations of the extinguishing company are transferred to the surviving company in a comprehensive manner on the agreed date on which the merger takes effect.

Japan law requires that certain general information is included in a convocation notice for an extraordinary general meeting ("*EGM*"), as well as certain other information, the content of which depends on the transaction(s) that is (or are) being contemplated. Regardless of the nature of the transaction any convocation notice must include (i) the date of the EGM; (ii) the place of the EGM and (iii) a list of matters to be resolved at the EGM.

In addition to the general content requirements for convocation notices noted above, for convocation notices which relate to gaining consent for merger contracts, the convocation notice must include the following key content requirements: (i) the reason for the proposed merger; (ii) the terms and conditions of the merger contract, (iii) the appropriateness of the consideration to be paid or received; (iv) the counterparty's financial documents (balance sheet / profit and loss statement / business report / auditor's report) of the latest financial year and (v) the counterparty's material subsequent events after the end of the latest financial year.

(ii) Company splits* (会社分割)

A company split is a process whereby a stock company or a limited liability company (合同会社) transfers all or part of the rights and obligations pertaining to a certain division of the company to another existing company or a newly established company. The separation of rights and obligations pertaining to a division of such a company to an existing company is called absorption type company split* (吸収分割), while the separation of rights and obligations pertaining to a division of such a company to a newly established company is called new incorporation type company split* (新設分割). In each type of company split, as consideration for the separation of rights and obligations, the separating company will issue or pay shares, bonds, SARs, cash or other assets to the other company.

In a new incorporation type company split or an absorption type company split, the procedure is (i) the preparation of a plan for the split, or a contract of split; (ii) the making available of relevant documents for inspection; (iii) the approval by a general meeting, (iv) the procedure for the protection of creditors; and (v) registration.

The plan or the contract of a split must be made available for inspection by shareholders and creditors in the same manner as mergers. The plan or the contract is subject to approval at the general shareholders' meeting of the splitting company and, in cases of spin-off to another existing company, also by shareholders of that company by a special resolution of a shareholders' meeting. Shareholders who are opposed to the split are granted an appraisal right as with a merger. The procedure for the protection of creditors of those companies is also available.

The company must seek a special resolution at a general meeting if it conducts a company split unless:

(i) the company split results in an establishment of a new company, and the company is the splitting entity in relation to the corporate split, and the assets to be transferred are 20% or less of the total assets of the company;

(ii) the company split results in a consolidation with an existing company, and the company is the splitting entity in relation to the corporate split, and the net assets to be transferred is 20% or less of the total asset of the company;

(iii) the company split results in a consolidation with an existing company (the "*Merging Entity*"), and the company is the Merging Entity, and the consideration to be paid to the counterparty (splitting entity) in relation to the corporate split is 20% or less of the net asset of the company; or

(v) the company split results in a consolidation with an existing company, and the counterparty has 90% or more of the outstanding shares of the company.

As a rule, rights and obligations of the spitting company are transferred either to the newly established company or to the absorbing company. This also applies to employment contracts.

Japan law requires that certain general information is included in a convocation notice for an EGM, as well as certain other information, the content of which depends on the transaction(s) that is (or are) being contemplated. Regardless of the nature of the transaction any convocation notice must include (i) the date of the EGM; (ii) the place of the EGM and (iii) a list of matters to be resolved at the EGM.

In addition to the general content requirements for convocation notices noted above, for convocation notices which relate to gaining consent for company splits, the convocation notice must include the following key content requirements: (i) the reason for the proposed company split; (ii) the terms and conditions of the company split contract or plan; (iii) the appropriateness of the consideration to be paid or received, (iv) the counterparty's financial documents (balance sheet / profit and loss statement / business report / auditor's report) of the latest financial year; (v) the counterparty's material subsequent events after the end of the latest financial year and (vi) the articles of incorporation, directors, statutory auditors and accounting auditors of the newly-established corporation.

(iii) Share exchange* (株式交換) and share transfer* (株式移転)

A share transfer (株式移転) is a transaction whereby one or more companies create a new company and transfer all of their outstanding shares to that new company (i.e., creation of a newly incorporated company as their 100% parent) in return for shares, bonds, SARs, bonds with SARs (i.e. convertible bonds) or other assets of the new company.

A share exchange* (株式交換) is a transaction whereby a company transfers all of its outstanding shares to an existing company (i.e., conversion of an existing company to a wholly-owned subsidiary of another existing company) in return for shares, bonds, SARs, bonds with SARs (i.e. convertible bonds) or other assets of the company that will become a new parent of such company.

The company must seek a special resolution at a general meeting if it conducts a share exchange unless:

(i) the company is the squeezing entity in relation to the share exchange and the consideration to be paid to the shareholder of the counterparty (target entity) is 20% or less of the net assets of the company; or

(ii) the counterparty has 90% or more of the outstanding shares of the company.

The company must seek a special resolution at a general meeting if it conducts a share transfer.

Japan law requires that certain general information is included in a convocation notice for an EGM, as well as certain other information, the content of which depends on the transaction(s) that is (or are) being contemplated. Regardless of the nature of the transaction any convocation notice must include (i) the date of the EGM; (ii) the place of the EGM and (iii) a list of matters to be resolved at the EGM.

In addition to the general content requirements for convocation notices noted above, for convocation notices which relate to gaining consent for share exchange contracts, the convocation notice must include the following key content requirements: (i) the reason for the proposed share exchange; (ii) the terms and conditions of the share exchange contract; (iii) the appropriateness of the consideration to be paid or received, (iv) the counterparty's financial documents (balance sheet / profit and loss statement / business report / auditor's report) of the latest financial year and (v) the counterparty's material subsequent events after the end of the latest financial year.

Further, in addition to the general content requirements for convocation notices noted above, for convocation notices which relate to gaining consent for share transfer plans, the convocation notice must also include the following key content requirements: (i) the reason for the proposed share transfer plan; (ii) the terms and conditions of the share transfer; (iii) the company's financial documents (balance sheet / profit and loss statement / business report / auditor's report) of the latest financial year; (iv) the company's material subsequent events after the end of the latest financial year and (v) the articles of incorporation, directors, statutory auditors and accounting auditors of the newly-established corporation.

(iv) Business transfer* (事業譲渡) and transfer of shares in a subsidiary

A business transfer* (事業譲渡) is a transaction whereby a company transfers all or a portion of its business* (事業) to another entity. According to the judicial precedents, the term business* (事業) is regarded to mean "*a combination of assets and liabilities organised for a certain commercial purpose including a contractual relationship with its customers*." Based on this standard, bare assets which do not by themselves constitute business operations are not regarded as business* (事業). In addition, under the JCA Amendments, transfers of shares in a subsidiary is generally subject to the same regulation as a business transfer* (事業譲渡) if as a result of a transfer, the company no longer keeps the majority of voting rights of such subsidiary.

The contract by a company to transfer all of or a significant portion of its "business" (事業) (and, under the JCA Amendments, transfers of shares in a subsidiary if as a result of a transfer, the company no longer keeps the majority of voting rights of such subsidiary) to another entity is subject to the special resolution of a shareholders' meeting unless:

(i) the consideration to be paid by the transferee to the stock company (or, under the JCA Amendments, the book value of the shares in a subsidiary to be transferred) is 20 % or less of the total assets of the stock company; or

(ii) the transferee has 90% or more of the outstanding shares of the company.

Shareholders who opposed to the business transfer* (事業再編) are given appraisal rights.

Japan law requires that certain general information is included in a convocation notice for an EGM, as well as certain other information, the content of which depends on the transaction(s) that is (or are) being contemplated. Regardless of the nature of the transaction any convocation notice must include (i) the date of the EGM; (ii) the place of the EGM and (iii) a list of matters to be resolved at the EGM.

In addition to the general content requirements for convocation notices noted above, for convocation notices which relate to gaining consent for business transfers* (事業譲渡) (or transfer of shares in a subsidiary), the convocation notice must include the following key content requirements: (i) the reason for the proposed business transfer* (事業譲渡) (or transfer of shares in a subsidiary); (ii) the terms and conditions of the business transfer* (事業譲渡) (or transfer of shares in a subsidiary) contract and (iii) the appropriateness of the consideration to be received.

(v) Business assumption* (事業譲受)

A business assumption* (事業譲受) is a transaction whereby a company assumes all or a portion of its business* (事業) from another entity. According to the judicial precedents, the term business* (事業) is regarded to mean "*a combination of assets and liabilities organised for a certain commercial purpose including a contractual relationship with its customers*." Based on this standard, bare assets which do not by themselves constitute business operations are not regarded as business* (事業).

The contract by a company to assume all of the business* (事業) from another entity is subject to the special resolution of a general meeting unless:

(i) the consideration to be paid by the stock company to the transferor is 20 % or less of the net assets of the company; or

(ii) the transferor has 90% or more of the outstanding shares of the company.

Shareholders who opposed to the business assumption* (事業譲受) are given appraisal rights.

Japan law requires that certain general information is included in a convocation notice for an EGM, as well as certain other information, the content of which depends on the transaction(s) that is (or are) being contemplated. Regardless of the nature of the transaction any convocation notice must include (i) the date of the EGM; (ii) the place of the EGM and (iii) a list of matters to be resolved at the EGM.

In addition to the general content requirements for convocation notices noted above, for convocation notices which relate to gaining consent for business assumptions, the convocation notice must include the following key content requirements: (i) the reason for the proposed business assumption; (ii) the terms and conditions of the business assumption contract and (iii) the appropriateness of the consideration to be paid.

8. COMPULSORY ACQUISITIONS

Under the Japan Companies Act and our Articles:

General provisions

Under the Companies Ordinance, the minority shareholders of a Hong Kong-incorporated company may be compulsorily brought out or may require an offeror to buy out their interests if the offeror acquires 90% of the issued shares in a successful takeover without shareholders' approval. Under the relevant Japan laws and regulations, compulsory acquisitions can be achieved without shareholders' approval by the following transactions:

(i) An offeror (which must be a Japan-incorporated company) having acquired 90% or more of the voting rights in a stock company* (株式会社) (which our Company is one) may (aa) acquire the remaining interests of the minority shareholders by way of a share exchange* (株式交換) arrangement; or (bb) cash out the remaining interests of the minority shareholders by way of a merger* (合併) arrangement (the "*JCA Compulsory Acquisitions*") only with the approval of the board of directors of the said company. In case of a share exchange* (株式交換) arrangement, the offeror must be a stock company* (株式会社) or a limited liability company* (合同会社).

(ii) Under the JCA Amendments, which will come into effect at a later date to be announced by the relevant Japanese authority, an offeror having acquired 90% or more of the voting rights in a stock company* (株式会社) (which our Company is one) may compulsorily acquire the interests of all remaining shareholders only with the approval of the board of directors of the said company (the "*JCA Amendment Compulsory Acquisition*").

Other than the transactions above, there is currently no provision under Japan laws and regulations similar to the compulsory acquisition regime under the Companies Ordinance that would otherwise allow an offeror in a successful takeover to buy out the minority shareholders without shareholders' approval, regardless of the shareholding percentage acquired by such offeror.

Alternative Share Transactions subject to Shareholders' approval

Apart from the JCA Compulsory Acquisitions and the JCA Amendment Compulsory Acquisition, under Japan laws, an offeor of a successful takeover or the minority shareholders of a Japan-incorporated company may also achieve a similar outcome of compulsory acquisitions by proposing the following transactions (the "*Share Transactions*") to the subject company, all of which are subject to shareholders' approval:

(1) conversion of the interests held by the minority shareholders into callable shares, pursuant to which holders of such shares may only receive fractional shares upon exercise of the relevant call option (as a result, minority shareholders may only receive cash in consideration) (the "*Issue of Callable Shares*"). Our current Articles do not allow the issue of callable shares;

(2) a merger* (合併) arrangement, whereby the subject company is merged with another company to form a new merged entity. The minority shareholders, in consideration for their interests in the subject company being extinguished upon merger, do not receive any shares of the merged entity or only receive fractional shares of the subject company (as a result, minority shareholders may only receive cash in consideration) (the "*Merger*");

(3) a share exchange* (株式交換) arrangement, whereby the entire issued shares of the subject company is acquired by an existing acquiror company (being a stock company* (株式会社) or limited liability company* (合同会社). The minority shareholders, in consideration for transferring their interests in the subject company to the acquiror company, do not receive any shares of the acquiror company or only receive fractional shares of the acquiror company (as a result, minority shareholders may only receive cash in consideration) (the "*Share Exchange*");

(4) a share transfer* (株式移転) arrangement, whereby the entire issued shares of the subject company is acquired by a newly incorporated stock company* (株式会社). The minority shareholders, in consideration for transferring their interests in the subject company to the newly incorporated company, do not receive any shares of the newly incorporated company or only receive fractional shares of the newly incorporated company (as a result, minority shareholders may only receive cash in consideration) (the "*Share Transfer*");

(5) a consolidation of the shares of the subject company, whereby the minority shareholders only receive fractional shares in the subject company upon consolidation (as a result, minority shareholders may only receive cash in consideration) (the "*Share Consolidation*").

To initiate the Share Transactions above, an offeror in a successful takeover or minority shareholders may either (i) request for the convocation of a general meeting; or (ii) request for additional matter(s) to be included in the agenda of a general meeting. See "B. Key Japan Legal and Regulatory Matters - B. Shareholders' Meetings" for the detailed procedures.

Under the Japan Companies Act, the approval threshold of the Share Transactions above is two-third of the votes of shareholders present at a general meeting, which is significantly lower than the 90% threshold of the compulsory acquisition regime under the Companies Ordinance. As an enhanced measure of shareholders' protections, our Articles provide that at least 90% of the votes of Shareholders present at a general meeting are required to (i) approve a Merger, Share Exchange, Share Transfer or Share Consolidation; and (ii) amend our current Article provision allowing our Company to issue callable shares. Our Japan Legal Adviser has confirmed that these Articles provisions are legal and enforceable under the relevant Japan laws and must be abided by any Shareholder (including an offeror in a successful takeover or minority Shareholders) who seeks to initiate the Share Transactions above.

Our Directors are of the view that, in relation to compulsory acquisitions, the level of protections under our Articles and the relevant Japan laws and regulations taken as a whole is largely commensurate to the shareholders' protections provided under the Companies Ordinance (given the Articles provisions put in place by us).

Acquisition price

Under the Companies Ordinance, compulsory acquisitions must be made at a price equivalent to the original offer price of the relevant takeover transaction. Under the relevant Japan laws and our Articles, there is no restriction on the acquisition price of the transactions set out above. However, minority shareholders may resort to the following court procedures:

(a) In respect of an Issue of Callable Shares, minority Shareholders who (aa) have objected to these Share Transactions prior to the convocation of the relevant general meeting considering the same and have actually voted against these Share Transactions in such general meeting; or (bb) do not have voting right in such general meeting have a right to receive monetary compensation calculated based on the fair value of the shares acquired from them.

(b) In respect of the Share Transactions, minority shareholders may, within three months from date of the shareholders' resolution approving the relevant Share Transactions, claim revocation of the said resolution as grossly improper under certain prescribed circumstances if the acquisition price is too low.

(c) In respect of a JCA Compulsory Acquisition, Share Exchange, Share Transfer or Merger, minority Shareholders who (aa) have objected to these transactions prior to the convocation of the relevant general meeting considering the same and have actually voted against these transactions in such general meeting; or (bb) do not have voting right in such general meeting, may request the subject company to repurchase their shares at a fair price. If the subject company and the minority shareholders cannot agree on a fair price within 30 days from the effective date of such transactions, the minority shareholders may petition a court in Japan to determine the fair price within 30 days from the expiry date of the 30-day discussion period with the subject company.

(d) Under JCA Amendments, dissenting minority shareholders of a Share Consolidation who hold fractional shares in the subject company are also entitled to an appraisal right similar to (c) above.

(e) In respect of a JCA Compulsory Acquisition, apart from the right to request for a repurchase set out in (c) above, any minority shareholder who may suffer disadvantage in such JCA Compulsory Acquisition may also file a petition to a court in Japan to cease the JCA Compulsory Acquisition on the ground that it violates the law and/or the articles of incorporation* (定款) of the subject company or that the acquisition price is significantly unfair.

(f) In respect of a JCA Amendment Compulsory Acquisition, a minority shareholder may petition a court in Japan to determine the fair price or to cease JCA Amendment Compulsory Acquisition under certain prescribed circumstances.

Investors should however note that there may be significant delays and costs involved in the initiation of the aforementioned court procedures.

Additional rights of minority shareholders to request for a share repurchase

A Shareholder may, in addition to the above circumstance, require our Company to repurchase his/her Shares if he/she has informed our Company of his/her objection to the following transactions prior to the general meeting, and has voted against the special resolution in the general meeting in respect of the following transactions:

(a) the introduction of restrictions on share transfers;

(b) the introduction of a condition that permits our Company to force Shareholders to sell their Shares to our Company;

(c) in case the following transactions are determined for a certain class of Shares without resolution of corresponding class Shareholders' meeting:

(1) consolidation of Shares or splitting of Shares;

(2) allotment of Shares without contribution;

(3) amendment to the Articles on the share unit;

(4) certain solicitation of persons to subscribe for the Shares of our Company;

(5) certain solicitation of persons to subscribe for the share options; and

(6) allotment of SARs without contribution.

In the above circumstances, a Shareholder must inform our Company of his/ her objection prior to the Shareholders' meeting and must vote against the special resolution at the general meeting. The Shareholder must specify the number of shares he/she wishes to have our Company purchase within 20 days prior to the effective date of the relevant transactions.

9. FINANCING

Under the Japan Companies Act:

Other than borrowing, companies may take measures to finance themselves as follows:

(i) Issue of new shares

See "— B. Our Corporate Matters — (d) Directors — (ii) Power to issue and allot shares" in this section above.

(ii) Issue of bonds

The Japan Companies Act defines a bond as any monetary claim owed by a company by allotment under the provisions of the Japan Companies Act and which will be redeemed in accordance with the provisions on the matters listed in the items of the Japan Companies Act.

There are straight bonds and bonds with SARs (i.e. convertible bonds). The latter are bonds with SARs which are inseparable from the bond itself.

In cases where a company will issue bonds, the company must specify a bond manager and entrust the receipt of payments, the preservation of rights of a claim on behalf of the bondholders, and other administration of the bonds to that manager, unless the value of each bond is ¥100 million or more, or the total amount of the bonds divided by the minimum price of the bond is less than 50.

10. FOREIGN EXCHANGE CONTROL

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, holding and disposal 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 (a) 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 (b) 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 or disposal 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 or disposing of, the Shares.

(i) 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, (ii) in case of acquisition, the acquisition date or (iii) in case of disposal, the disposal date. Such Foreign 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, acquiring, or diposing of, 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:

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

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.

(ii) 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.

(iii) Post Notification

If (i) 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) or (ii) a Foreign Investor (who is an Exchange Non-Resident having acquired our Shares when he/she was an Exchange Resident) disposes of our Shares, 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, acquisition or disposal occurs.

For subscriptions or acquisitions, 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.

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 (i) where the Foreign Investor acquires our Shares when he/she is an individual Exchange Resident and disposes of our Shares after he/she becomes an Exchange Non-Resident or (ii) as described in the paragraphs headed "— Foreign Exchange Report" below.

(iv) Foreign Exchange Report

Where an Exchange Resident acquires our Shares from an Exchange Non-Resident, or where an Exchange Resident 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. Under the Foreign Exchange Regulations, the Exchange Non-Resident 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.

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 professional advisers before subscribing for, or acquiring or disposing of, our Shares as to the applicability of the Prior Notification, Post Notification, and Foreign Exchange Report requirements.

11. ANTI-MONOPOLY DISCLOSURE REQUIREMENTS

When a corporate investor that fulfils certain criteria, such as domestic turnover prescribed by the Anti-Monopoly Act* (独占禁止法) (Act No. 54 of 1947), acquires shares exceeding 20% or 50% of voting rights, the corporate investor is required to file a report to Japan Fair Trade Commission prior to such acquisition.

12. FINANCIAL INSTRUMENTS AND EXCHANGE ACT

Although our Shares are not listed on a securities exchange in Japan or traded through the over-the-counter market in Japan, under Japan law, if our Company (i) has at least 1,000 registered Shareholders as at the end of any financial year or (ii) files a securities registration statement pursuant to the Financial Instruments and Exchange Act* (金融商品取引法) (Act No. 25 of 1948) (the "*FIEA*") in relation to a public offering* (募集) or a secondary offering* (売出) of

Shares in Japan, the ongoing disclosure requirements (mainly, periodic filing requirements, including the requirement to file an annual report, and filing of a current report* (臨時報告書) whenever any unscheduled material event occurs that may be important to Shareholders) and tender offer* (公開買付) rules under the FIEA will generally be applicable to our Company and/or our Shareholders.

Our Company currently has no current plan to file a securities registration statement under the FIEA and the requirements under the FIEA are expected to continue to be non-applicable to our Company and our Shareholders.

D. CONSTITUTIONAL DOCUMENTS

Articles of Incorporation

Chapter 1 General Provisions

Article 1 (Trade Name)

The company shall be called "Kabushiki Gaisha NIRAKU GC HOLDINGS" in Japanese and "NIRAKU GC HOLDINGS, INC." in English (the "Company").

Article 2 (Purpose)

The purpose of the Company shall be to engage in the following lines of business, and to own shares or equity interests in companies engaged in the following lines of business and in foreign companies engaged in the lines of business equivalent to the following lines of business, directly or indirectly, and thereby control and manage the businesses activities of such companies or foreign companies, prepare planning of the management strategy, supervise the management execution, give management advice, and develop the supplemental business thereof, etc.:

(1) Operation of recreation halls and recreational facilities;

(2) Management of hotels, coffee shops, bars and restaurants;

(3) Sale of cigarettes, foods and daily necessities;

(4) Renting and management of real estate and management of parking spaces;

(5) Non-life insurance agency;

(6) Life insurance agency;

(7) Management guidance and commissioned business for various companies;

(8) Advertising business and advertising agency; and

(9) Any and all business incidental to those mentioned in any of the foregoing items.

Article 3 (Location of Head Office)

The Company has its head office in Koriyama City, Fukushima Prefecture.

Article 4 (Corporate Governance)

In addition to holding a shareholders meeting and having directors, the Company has the following organs:

(1) board of directors;

(2) nomination committee, audit committee and remuneration committee;

(3) executive officer; and

(4) accounting auditor.

Article 5 (Method of Public Notice)

1. Public notices of the Company shall be given electronically.

2. Provided, however, that if the Company is prevented from giving public notice electronically due to an accident or other cause outside of its control, public notice of the Company shall be given by publication in the *Nihon Keizai Shimbun, South China Morning Post and Hong Kong Economic Journal*.

Chapter 2 Shares

Article 6 (Total Number of Authorized Shares)

The total number of shares authorized to be issued by the Company is 300 million shares.

Article 7 (Class of Shares)

The Company shall not issue any class of shares other than common shares.

Article 8 (Determination of Subscription Requirements of the Shares, the Share Option and Bond with Share Option, Consolidation and Splitting of Shares, and Reduction of Amount of Stated Capital)

1. The Subscription Requirements *(boshu jiko)* (as defined in Article 199, Paragraph 2 or Article 238, Paragraph 1 of the Companies Act. or, in cases where entitlement to allotment of Shares, etc. is granted to shareholders, including matters provided for in Article 202, Paragraph 1 or Article 241, Paragraph 1 of the Companies Act, hereinafter the same) of shares, share option and bond with share option (collectively, "Shares, etc.") shall be determined by an ordinary resolution of the shareholders meeting, except that, in the circumstances where an issuance of the Shares, etc. is made on the price especially favorable (including terms especially favorable in case that no payment is required in exchange for share option or bond with share option for subscription, hereinafter the same) for the subscriber of the issued Shares, etc., a special resolution of the shareholders' meeting shall be required.

2. Share consolidation shall be determined by a special resolution of the shareholders meeting, and share splitting shall be determined by an ordinary resolution of the shareholders' meeting.

3. The amount of stated capital shall not be reduced unless resolved by three-fourth or more of the voting rights of shareholder(s) attending at the shareholders meeting where the shareholders holding a majority of the votes of shareholders entitled to exercise their votes are present.

4. Notwithstanding to paragraph 1 of this Article, the Subscription Requirements may be mandated to the board of directors through an ordinary resolution or, in case of issuance on a price especially favorable, a special resolution of the shareholders meeting; provided however that (i) such resolution shall prescribe (a) the maximum number of the shares for subscription and the minimum amount to be paid (including the method for calculating the minimum amount to be paid except for the case of issuance on a price especially favorable) in in case of shares for subscription or (b) the terms of share option, the maximum number of share options and the minimum amount to be paid in in exchange for share option (or the fact that no payment is required as applicable) in case of share option or bond with share option for subscription and (ii) such mandate shall be effective for (a) shares for subscription whose payment date (or end of payment period) shall be within 1 year from such resolution or (b) share option or bond with share option for subscription whose allotment date shall be within 1 year from such resolution.

5. Notwithstanding to any other provisions of these Articles of Incorporation, any of the followings shall require an approval of shareholders meeting by 90% of the votes of shareholders present at the meeting where the shareholders holding a majority of the votes of shareholders entitled to exercise their votes are present:

   (i) a merger pursuant to which any shares of the surviving (or consolidated) company is not provided to all the shareholders who in aggregate own less than 50% of the votes (the "Minority Shareholders");

   (ii) a share exchange pursuant to which no shares of the wholly-owned parent company is provided to all the Minority Shareholders;

   (iii) a share transfer pursuant to which no shares of the wholly- owned parent company is provided to all the Minority Shareholders;

   (iv) a consolidation of Shares pursuant to which only fractional shares are provided to all the Minority Shareholders; or

   (v) an amendment of Article 7 or this paragraph of these Articles of Incorporation.

Article 9 (Acquisition of Treasury Shares)

1. Subject to the procedure required under the rules of the stock exchange on which the securities of the Company are listed (the "Listing Rules"), the Company may acquire treasury shares (by transacting in the "Market etc" as defined in Article 165, Paragraph 1 of the Companies Act) pursuant to a resolution of the board of directors in accordance with Article 165, Paragraph 2 of the Companies Act.

2. The Company shall without delay cancel treasury shares acquired by the Company through the resolution of the board of directors or decision of executive officer(s) authorized by the board of directors, if such cancellation is required under the Listing Rules.

Article 10 (Issuance of Share Certificates)

1. The Company shall issue share certificates for its shares.

2. All the certificates issued by the share register on behalf of the Company in the jurisdiction on which the Company's shares are listed shall be in the registered form with the name(s) and address(es) of the shareholder(s) imprinted thereon.

3. All share certificates shall be under seal of the company (the "Seal") or with the Seal printed thereon and shall specify the number and share certificate number (if any) of the shares to which it relates and may otherwise be in such form as the board of directors may from time to time determine.

4. The Seal shall only be affixed with the authority of the board of directors from time to time.

Article 11 (Limitation on Registration on Share Registry in Case of Joint Ownership of Shares)

Shares of the Company may be owned jointly however, the number of the persons whose names can be registered as joint owners in the share registry shall be limited to four persons.

Article 12 (Registration of Share Transfers)

1. Transfer of shares or creation of pledge on shares shall not be perfected unless the name and address of the person who acquires those shares or pledge is stated or recorded in the share registry. The Company shall not approve the exercise of shareholder's right unless his/her name is stated or recorded in the share registry.

2. The statement and recording in the share registry provided for in the immediately preceding paragraph shall be subject to a fee which is determined in accordance with the prevailing market rates but shall in any event not exceed the maximum fees prescribed by the Listing Rules.

3. Any entry and record made in the share register is subject to the following:

   (i) the Company will issue share certificates in registered form with the names and addresses of the shareholders imprinted thereon;

   (ii) any person seeking to have his name and address recorded as a shareholder in the share register must present an instrument of transfer and/or a contract note duly stamped pursuant to the Stamp Duty Ordinance in Hong Kong and executed by such person (as transferee) and the original holder of the relevant shares (as transferor) whose name(s) appear on the relevant share certificate and the share register;

   (iii) the Company will regard a standard transfer form customarily adopted by listed companies on the stock exchange on which the securities of the Company are listed or a transfer form printed at the back of the share certificates as an acceptable instrument of transfer and/or a contract note referred to in rule (ii) above;

(iv) where the transferor or transferee is a clearing house, execution by hand or machine-imprinted signature will be accepted for the purpose of rules (ii) and (iii) above; and

(v) the share register maintained in Hong Kong will be the sole and principal share register of the Company."

4. For the purpose of any transfer document (in the usual or common form or in a form prescribed by the Stock Exchange or in any other form approved by the Board) which may be executed by the shareholders from time to time, where a shareholder is a clearing house, execution of any such transfer document by hand or machine imprinted signature may be accepted by the Company. Where a shareholder is a clearing house, it is perpetually exempted from the requirement of declaring the nationality or identity of the beneficial owners of the shares who hold their interests through such clearing house for the purpose of subscribing any shares or executing any transfer document.

Article 13 (Inspection and Copying of the Share Registry)

1. A shareholder or creditor may request to inspect or receive a copy of the share registry in accordance with the Companies Act.

2. The Company shall allow, to the extent allowed under the Law on Protection of the Personal Information, inspection and copying of the share registry by national or district governmental agencies or any other third party.

Article 14 (Transfers of Shares)

Transfer of any shares of the Company shall be free from any restriction or limitation and do not require approvals from the board of directors or shareholders' meeting.

Article 15 (Administrator of Shareholder Registry)

1. The Company shall retain an administrator of its shareholder registry.

2. The administrator of the shareholder registry and the location of its administration shall be determined by resolution of the board of directors or by determination of an executive officer delegated by resolution of the board of directors.

3. The Company shall delegate the preparation and keeping of the shareholder registry and the share option registry and the lost share certificates registry, and other activities relating to the shareholder registry and the share option registry and the lost share certificates registry to the administrator of the shareholder registry, and shall not handle such matters itself.

Article 16 (Share Handling Regulations)

Procedures and charges relating to the handling of the shares and the share options of the Company shall be governed by applicable laws and regulations, these Articles of Incorporation, and the Company's Share Handling Regulations approved by the board of directors or by an executive officer delegated by resolution of the board of directors.

Article 17 (Limitation on Power to Sell Shares of Untraceable Shareholders)

Where power is exercised to sell the shares of a shareholder who is untraceable under the Companies Act, the Company shall not exercise such power unless (a) during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been received; and (b) on expiry of the 12 years the Company notifies any stock exchange on which the Company is listed of such intention and gives notice of its intention to sell the shares by way of an advertisement published in a newspaper in both Japan and the place of the stock exchange on which its shares are listed.

Chapter 3 Shareholders Meeting

Article 18 (Convocation and the Place where Shareholders Meetings are Held)

1. An annual shareholders meeting of the Company shall be convened within three months from the day immediately following the end of each fiscal year and an extraordinary shareholders meeting shall be convened whenever necessary.

2. The Company shall announce the date on which a shareholders meeting is planned to be held no less than 10 weeks prior to such date on the Company's website or the website of the stock exchange on which the Company is listed.

Article 19 (Record Date)

1. The Company may, by specifying the record date, designate shareholders whose names appear on the shareholder registry as at such record date as those who are entitled to exercise their voting rights at a relevant shareholders meeting.

2. Where the Company specifies the record date as described in the preceding paragraph, the Company shall give public notice of such record date and the fact that those shareholders whose names appear on the shareholder registry as at such record date are entitled to exercise their voting rights at a relevant shareholders meeting no less than 2 weeks prior to such record date.

Article 20 (Persons Authorized to Convene Meetings; Chairman of Shareholders Meetings)

1. Shareholders meetings of the Company shall be convened by the director designated by the board of directors in advance pursuant to resolution of the board of directors unless otherwise provided by applicable laws or regulations; provided, however, that in cases where such director is unable to so act, the next director in line according to the order of succession stipulated in advance by resolution of the board of directors shall convene shareholders meetings.

2. The chairman of shareholders meetings shall be a director or an executive officer pre-determined by the board of directors; provided, however, that if such director or executive officer is unable to so act, the next director or executive officer in line according to the order of succession stipulated in advance by resolution of the board of directors shall act as the chairman of such meetings.

3. The six (6) months' voting rights holding period requirements provided for in Articles 297 (right to request convocation of shareholders meeting), 303 (right to request for addition of agenda) and 305 (right to request notification of a proposal) shall be changed and it is sufficient to hold voting right at the time of request.

Article 21 (Notice to Shareholders)

1. The Company shall be deemed to have provided its shareholders with information regarding relevant matters required to be described or presented in reference documents for shareholders meetings, business reports, financial statements and consolidated financial statements by posting them on its website in accordance with applicable Ordinance of the Ministry of Justice when giving notice to call shareholders meetings.

2. The directors' report, accompanied by the balance sheet (including every document required by law to be annexed thereto) and profit and loss account or income and expenditure account; or the summary financial report shall, at least 21 days before the date of each annual shareholders' meeting, be sent by post to the registered address of every registered shareholder in accordance with the Listing Rules.

3. Notice of convocation of a shareholder' meeting shall be sent to each shareholder no later than 21 days prior to the date of such shareholders' meeting.

4. The Company shall give notice sufficient to enable shareholders, whose registered addresses are in the place of the stock exchange on which the Company is listed ("Listing Place"), to exercise their rights or comply with the terms of the notice. The Company shall not be released from its obligation under the Companies Act or any other applicable laws and regulations to give notice to any shareholder for the reason that such shareholder's registered address is outside the Listing Place.

5. In cases where notices or demands from the Company do not reach a shareholder for five consecutive years or more, the Company shall no longer be required to give notices or issue demands to such shareholder under the Companies Act.

Article 22 (Method of Resolutions at Shareholders Meetings)

1. Unless otherwise prescribed by applicable laws or regulations or by these Articles of Incorporation, resolutions at shareholders meetings shall be passed by majority vote of the shareholders present at the meeting where the shareholders holding majority of the votes of shareholders entitled to vote are present.

2. Unless otherwise prescribed by these Articles of Incorporation, a resolution at a shareholders meeting stipulated in Article 309, Paragraph 2 of the Companies Act shall be passed by two-thirds or more of the votes of shareholders present at the meeting where the shareholders holding one-third or more of the votes of shareholders entitled to vote are present.

3. The Company must count the number of voting rights actually voted by each shareholder (or their respective proxy and/or representative) attending at the shareholders meeting in counting the votes at the shareholders meeting.

4. Where a shareholder has casted a written vote, regardless of whether such written vote was casted in favor or against the original matter or abstained, his/her vote will be counted as abstention from any last-minute amendment thereof.

Article 23 (Voting by Proxy or representative of shareholder)

1. A shareholder may exercise voting rights through a proxy appointed by such shareholder. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his/her behalf at a shareholders meeting. There is no restriction on the identity and qualification of a proxy or representative. A proxy or representative representing either a shareholder who is an individual or a shareholder which is a corporation shall be entitled to exercise the same powers on behalf of the shareholder which he/she or they represent as such shareholder could exercise.

2. If that shareholder provided for in the immediately preceding paragraph is a recognised clearing house as defined under the laws of the Listing Place or its nominee(s), it may authorise one or more than one person(s) as it thinks fit to act as its representative(s) or proxy(ies) at any shareholders' meetings; provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number of shares in respect of which each such person is so authorised. The person so authorised will be deemed to have been duly authorised without the need of producing any share certificates, notarised authorisation and/or further evidence for substantiating the facts that it is duly authorised and will be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house or its nominee(s) could exercise if it were an individual shareholder of the Company.

3. In the case described in the preceding two paragraphs, a document evidencing authority to act as a proxy shall be submitted to the Company at each relevant shareholders meeting by the relevant shareholder or proxy.

4. Where the Company issues form of proxy for a shareholders' meeting, such instrument may be in any usual or common form or in any other form which the board of directors may approve, provided that this shall not preclude the use of the two-way form, and shall be expressed to be valid for a particular meeting or generally until revoked and a space for voting "yes" or "no" with respect to each resolution shall be set out for each agenda for such meeting. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or, if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised.

Article 24 (Minutes of Shareholders Meetings)

Minutes in which matters prescribed by applicable laws and regulations are stated shall be prepared with respect to the proceedings of the shareholders meetings.

Article 25 (Addition to the Matters Required to Be Resolved by the Shareholders' Meeting)

Any matters that are required to be resolved by the shareholders' meeting under the Listing Rules and/or the Codes on Takeovers and Mergers and Share Buy-backs of the Listing Place (the "Takeovers Code") shall be resolved by the shareholders meeting.

Article 26 (Requirements for Implementation of the Transactions etc. Subject to the Shareholders Resolutions Pursuant to the Listing Rules and Takeovers Code)

Where a transaction or arrangement or contract or other matter is required to be approved by the shareholders meeting under the Listing Rules and/or the Takeovers Code:

(1) a shareholders meeting shall be convened to seek the shareholders' approval of such matter;

(2) the Share Register shall count the votes casted at the said shareholders meeting in accordance with the criteria and requirements under the Companies Act;

(3) the Company shall appoint its compliance adviser or another independent financial or legal adviser to review the votes counted by the Share Register and confirm that the resolution would have been duly passed if the votes cast had excluded the votes of the shareholders that would otherwise be required to be abstained or otherwise uncounted under the Listing Rules and/or the Takeovers Code; and

(4) the shareholders' approval referred to in item (2) above and the confirmation referred to in item (3) above shall be made conditions precedent of the relevant agreement and the Company shall implement such matter only if both conditions have been satisfied.

Chapter 4 Directors and the Board of Directors

Article 27 (Number of Directors)

1. The Company shall have no more than ten (10) directors.

2. The number and the composition of the board of directors shall comply with the requirements under the Companies Act and the Listing Rules.

Article 28 (Method of Election and Dismissal of Directors)

1. The directors shall be elected at a shareholders meeting.

2. Resolutions for the election of directors shall be passed by majority vote of shareholders present at the meeting where the shareholders holding one-third or more of the votes of shareholders entitled to vote are present.

3. Directors shall not be elected by cumulative voting.

4. Resolutions for the dismissal of director(s) shall be passed by an ordinary resolution of the shareholders meeting before the expiration of the period of duty of such dismissed directors, regardless of the duty and capacity of such director(s) in the Company.

5. The Company shall, with each director, enter into a written service contract. Any claim under such service contract shall not be affected whatsoever by the dismissal of the director pursuant to the immediately preceding paragraph.

6. Except as permitted under both the Companies Act and the company laws of the Listing Place (if the Company were a public company incorporated therein), the Company shall not directly or indirectly:

   (i) make a loan to a director or a director of any holding company of the Company or to any of their respective associates (as defined by the Listing Rules);

   (ii) enter into any guarantee or provide any security in connection with a loan made by any person to such a director; or

   (iii) if any one or more of the directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to such company or enter into any guarantee or provide any security for such company.

7. Subject to compliance with both the Companies Act and the company laws of the Listing Place (if the Company were a listed company incorporated therein), the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

Article 29 (Term of Office of Directors)

1. The term of office of each director shall expire at the close of the annual shareholders meeting relating to the most recent business year ending within one (1) year following the election of such director.

2. The term of office of a director elected in order to increase the number of directors or to fill a vacancy shall conclude simultaneously with the conclusion of the term of office of the other current directors.

Article 30 (Powers of the board of directors)

The board of directors shall be composed of directors and shall make decisions relating to important matters in connection with the execution of business operations in addition to matters prescribed by applicable laws and regulations or by these Articles of Incorporation, as well as supervise directors and executive officers in the performance of their duties.

Article 31 (Chairman of the Board)

The board of directors shall appoint one (1) chairman of the board by its resolution.

Article 32 (Persons Authorized to Convene Board Meetings; Chairman of the Board)

1. Meetings of the board of directors shall be convened by the chairman of the board, who shall act as the chairman at meetings of the board of directors, unless otherwise provided by applicable laws or regulations.

2. In cases where the chairman of the board is vacant or unable to so act, another director shall convene the meetings of the board of directors and act as the chairman at meetings of the board of directors in the order of succession stipulated in advance by resolution of the board of directors.

3. Notwithstanding the provisions of the preceding two (2) paragraphs, the directors constituting the nomination committee, the audit committee and the remuneration committee who are appointed to do so by each committee may convene the meetings of the board of directors.

4. Notwithstanding the provisions of the preceding three (3) paragraphs, executive officers may convene the meetings of the board of directors where permitted to do so pursuant to applicable laws and regulations.

Article 33 (Notice of Board Meetings)

1. Each notice for convening a meeting of the board of directors shall be sent to each director by no later than three (3) days prior to the date of the meeting; provided, however, that such period may be shortened in the event of an emergency.

2. A meeting of the board of directors may be held without conducting due convocation procedures, by unanimous consent of the directors.

Article 34 (Method of Resolution at Board Meetings, etc.)

1. Resolutions at meetings of the board of directors shall be passed by majority vote of the directors present at the meeting where a majority of all directors entitled to vote are present.

2. Notwithstanding the provision of the preceding paragraph, a resolution of the board of directors shall be deemed to have been adopted by the Company when the requirements prescribed in Article 370 of the Companies Act have been fulfilled.

3. A director shall not vote on any resolution of the board of directors approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates (as defined by the Listing Rules) has a special interest or a material interest as explained under the Listing Rules nor shall he/she be counted in the quorum present at the meeting, unless otherwise permitted under both of the Companies Act and the Listing Rules.

Article 35 (Regulations of the board of directors)

Matters concerning the board of directors shall be governed by applicable laws and regulations, by these Articles of Incorporation and by the regulations of the board of directors adopted by the board of directors.

Article 36 (Remuneration of Directors)

Financial benefits of directors received from the Company as consideration for the execution of duties, including remuneration and bonuses shall be determined by resolution of the remuneration committee.

Article 37 (Minutes of Meetings of the board of directors)

Minutes in which matters prescribed by applicable laws and regulations are stated shall be prepared with respect to the proceedings of the meetings of the board of directors, which shall be signed and sealed, or electronically signed, by all directors present.

Article 38 (Exemption of Directors from Liability)

1. Pursuant to Article 426, Paragraph 1 of the Companies Act, the Company may, by a resolution of the board of directors, exempt any directors (including any former directors) from any liability of compensation for damages prescribed under Article 423, Paragraph 1 of the Companies Act to the extent provided under applicable laws and regulations.

2. The Company may enter into contracts with outside directors to the effect that the liability of compensation for damages under Article 423, Paragraph 1 of the Companies Act shall be limited pursuant to Article 427, Paragraph 1 of the Companies Act; provided, however, that the limit of the liability amount based of such contracts shall be the amount provided for in applicable laws and regulations.

Chapter 5 Committee

Article 39 (Appointment of Members)

1. The nomination committee, the audit committee and the remuneration committee shall be composed of three (3) or more directors and the majority thereof shall be outside directors.

2. The members of each committee shall be appointed and dismissed by resolution of the board of directors. The composition of each committee shall, from time to time, comply with the requirements under both the Companies Act and the Listing Rules.

Article 40 (Minutes of each committee)

A summary of, and description of the outcome of, the proceedings of each meeting of each committee and other matters prescribed by applicable laws and regulations shall be stated or recorded in minutes, which shall be signed and sealed, or electronically signed, by all committee members present.

Article 41 (Matters Concerning the committee)

The matters concerning each committee shall be governed by applicable laws and regulations, these Articles of Incorporation, and the rules determined by the board of directors.

Chapter 6 Executive Officers

Article 42 (Number of Executive Officers)

The Company shall have no more than ten (10) executive officers.

Article 43 (Election of Executive Officers)

Executive officers shall be elected by resolution of the board of directors.

Article 44 (Term of Office of Executive Officers)

1. The term of office of the executive officers shall expire at the close of the first meeting of the board of directors convened following the close of the annual shareholders meeting relating to the most recent business year ending within one (1) year following their election.

2. The term of office of an executive officer elected in order to fill a vacancy or to increase the number of executive officers shall conclude simultaneously with the conclusion of the term of office of the other current executive officers.

Article 45 (Chief Executive Officer)

The board of directors shall appoint the Chief Executive Officer by its resolution from among executive officers.

Article 46 (Executive Officers with Titles)

1. The board of directors may, by its resolution, appoint one (1) chairman and the executive officer, and one (1) president and the executive officer, and vice presidents and executive officers, senior managing executive officers and managing executive officers.

2. The division of duties, command system and other matters concerning relationships among executive officers may be determined by the board of directors.

Article 47 (Remuneration of Executive Officers)

1. Executive officers' remuneration shall be determined by resolution of the remuneration committee.

2. If an executive officer concurrently serves as an employee of the Company, including as a manager, remuneration arising out of such concurrent post shall be determined by resolution in the same manner described in the preceding paragraph.

Article 48 (Exemption of Executive Officers from Liability)

Pursuant to Article 426, Paragraph 1 of the Companies Act, the Company may, by resolution of the board of directors, exempt any executive officers (including any former executive officers) from any liability of compensation for damages prescribed under Article 423, Paragraph 1 of the Companies Act to the extent provided under applicable laws and regulations.

Article 49 (Matters concerning Executive Officers)

1. The Company may have a board of executive officers.

2. The matters concerning executive officers shall be governed by applicable laws and regulations, these Articles of Incorporation, and the rules determined by the board of directors.

Chapter 7 Accounting Auditors

Article 50 (Method of Election of Accounting Auditors)

1. The accounting auditor shall be elected at a shareholders meeting.

2. Resolutions for the election of accounting auditor shall be passed by majority vote of shareholders present at the meeting where the shareholders holding one-third or more of the votes of shareholders entitled to vote are present.

Article 51 (Term of Office of Accounting Auditors)

1. The term of office of accounting auditor shall expire at the close of the annual shareholders meeting for the most recent business year ending within one (1) year following their election.

2. Unless otherwise resolved at the annual shareholders meeting described in the preceding paragraph, accounting auditor shall be deemed reappointed at such meeting.

Article 52 (Remuneration of Accounting Auditors)

Accounting auditor's remuneration shall be determined with the consent of the audit committee.

Article 53 (Exemption of Accounting Auditors from Liability)

1. Pursuant to Article 426, Paragraph 1 of the Companies Act, the Company may, by resolution of the board of directors, exempt any accounting auditor (including any former accounting auditor) from any liability of compensation for damages prescribed under Article 423, Paragraph 1 of the Companies Act to the extent provided under applicable laws and regulations.

2. The Company may enter into contracts with accounting auditor to the effect that the liability of compensation for damages under Article 423, Paragraph 1 of the Companies Act shall be limited pursuant to Article 427, Paragraph 1 of the Companies Act; provided, however, that the limit of the liability amount based of such contracts shall be the amount provided for in applicable laws and regulations.

Chapter 8 Accounting

Article 54 (Business Year)

Each business year of the Company shall commence on April 1 of such year and end on March 31 of the following year.

Article 55 (Body Determining Dividends Payable out of Surplus, etc.)

1. The Company may decide the matters prescribed in items 2 to 4 of Article 459, Paragraph 1 of the Companies Act, such as dividends payable out of surplus, by resolution of the board of directors, unless otherwise provided in applicable laws or regulations.

2. The matters provided for in the preceding paragraph shall not be determined by resolution at shareholders meetings unless stipulated otherwise by applicable laws and regulations.

Article 56 (Record Date for Dividends Payable out of Surplus)

1. The Company may, by specifying the record date, designate shareholders whose names appear on the shareholder registry as at such record date as those who are entitled to receive dividends paid out of surplus (the "Record Date Shareholders").

2. Where the Company specifies the record date in the case of the preceding paragraph, the Company shall make public notice of such record date and the entitlements of the Record Date Shareholders to receive dividends paid out of surplus at least 2 weeks prior to such record date.

Article 57 (Statute of Limitations for Dividends Payable out of Surplus, etc.)

1. The Company may not forfeit any unreceived dividend until the lapse of six years after the date of declaration of such dividend.

2. Interest shall not accrue on unpaid dividends.

Chapter 9 Supplementary Provisions

Article 58 (First Business Year)

Notwithstanding the provisions of Article 54 (Business Year) of these Articles of Incorporation, the first business year of the Company shall be a year falling between the date of incorporation of the Company and 31 March 2013.

Article 59 (Transition Measure on Convocation Notice of the Shareholders Meeting)

1. Paragraph 2 of Article 18 shall not be applied to the annual shareholders meeting to be held in 2015.