

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation**

Our Company was incorporated as a stock company (*kabushiki-gaisha* 株式会社) in Japan under the Companies Act with limited liability on 20 September 2011. Our registered address in Japan is 2-25-1-702 Nishi-Nippori, Arakawa-ku, Tokyo 116-0013, Japan and we have established a place of business in Hong Kong at Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong. Our Company was registered as an overseas company in Hong Kong under Part XI of the Companies Ordinance on 8 February 2012. Mr. Hisao KATSUTA has been appointed as our agent for the acceptance of service of process in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our registered place of business in Hong Kong (as set out above).

Our Company was incorporated in Japan with the registered company number 0115-01-017114 and accordingly our corporate structure and Articles of Incorporation are subject to the relevant laws and regulations in Japan.

2. Changes in share capital of our Company

As at the date of incorporation, the issued and paid-up share capital of our Company amounted to ¥5,000,000,000, corresponding to 31,542,518 Shares, all with nil par value.

Our Company does not have a specific value of authorised share capital as the concept of share with par value was abolished in 2001 when the Commercial Code was amended. As at the date of incorporation, the number of Shares authorised to be issued by our Company was 126,000,000 Shares.

Under the Companies Act, a company is allowed to carry cash paid by Shareholders for new Shares either as part of our capital reserves or as part of the paid-in capital account, on the condition that at least one half of such amount must be accounted for as paid-in capital.

Since the date of incorporation, the following changes have been made to our Company's issued share capital:

- (a) Pursuant to the resolutions of our Board of Directors dated 5 June 2012, our Directors approved:
 - (i) the increase of the number of Shares authorised to be issued by our Company from 126,000,000 Shares to 2,520,000,000 Shares; and
 - (ii) the sub-division of every issued Share of nil par value in our share capital into 20 Shares of nil par value, such that the issued share capital of our Company increased from 31,542,518 Shares to 630,850,360 Shares. The sub-division took effect on 21 June 2012.

Assuming that (i) the Global Offering becomes unconditional; (ii) the Offer Shares are issued; and (iii) without taking into account any Shares which may be issued upon the exercise of the Over-Allotment Option, the issued share capital of our Company will be divided into 742,850,360 Shares of nil par value with the value of the issued share capital to be determined as set out in the section headed "Structure of the Global Offering" of this Prospectus.

Save as aforesaid and as mentioned in the paragraphs headed “Extraordinary Shareholders’ meeting of our Company dated 20 June 2012” below, there has been no alternation in the share capital of our Company since the date of our incorporation.

3. Changes in the share capital of our subsidiaries

Our subsidiaries are listed in the accountants’ report, the text of which is set out in Appendix I to this Prospectus.

We set out below alterations in the share capital of the subsidiaries of our Company.

(a) *Dynam*

- (i) Dynam was incorporated as a stock company (*kabushiki-gaisha* 株式会社) in Japan on 25 July 1967 as Sawa Shoji Co., Ltd.. At as the date of incorporation, the issued share capital of Dynam was ¥500,000, divided into 1,000 shares of ¥500 each.
- (ii) As at the date of incorporation, the entire issued share capital of Dynam was owned by Mr. Yohei SATO.
- (iii) On 22 January 1970, Mr. Sato and the Sato Family Members bequeathed from Mr. Yohei SATO the entire interests in Dynam.
- (iv) Between 1983 and 1986, the issued share capital of Dynam increased from ¥91,800,000 to ¥190,356,000. The capital injection was made through four separate occasions of right issues, as a result of which the issued share capital of Dynam increased from 183,600 shares to 380,712 shares of ¥500 each.
- (v) On 15 March 1988, the issued share capital of Dynam further increased from ¥190,356,000 to ¥228,427,000, divided into 456,854 shares of ¥500 each by way of rights issue.
- (vi) On 23 December 1988, Dynam issued and allotted 26,300 shares to an Independent Third Party at a consideration of approximately ¥52.6 million in aggregate. Such consideration was calculated on the basis of ¥2,000 per share, with reference to Dynam’s net asset value as at 31 March 1988. Half of the proceeds generated from this allotment was capitalised. The remaining half was accrued as Dynam’s capital reserve (*shihon junbi kin* 資本準備金) as permitted under Japanese law which served as its general working capital as a mean to strengthen Dynam’s financial position. Hence, the issued share capital of Dynam increased to ¥254,727,000, divided into 483,154 shares of ¥500 each.
- (vii) On 16 August 1989, Dynam performed a stock split by dividing 483,154 shares of ¥500 each into 4,831,540 shares of ¥50 each.
- (viii) On 25 February 1988, Dynam offered a tranche of convertible bonds with an aggregate principal amount of approximately ¥228 million for subscription by strategic investors. All of such convertible bonds were converted into ordinary shares of ¥50 each by 5 October 1989, resulting in an increase in Dynam’s issued share capital from ¥254,727,000 to ¥483,154,000, divided into 9,400,080 shares of ¥500 each.

- (ix) On 14 October 1989, Dynam issued and allotted 470,004 new shares to its existing shareholders at nil consideration. On the same date, the issued share capital of Dynam increased from ¥483,154,000 to ¥506,654,200 by way of capitalising its capital reserve (*shihon junbi kin* 資本準備金) of ¥23,500,200.
- (x) On 18 November 1989, Dynam performed another round of rights issue, resulting an increase in its issued share capital from ¥506,654,200 to ¥630,030,150, divided into 12,337,603 shares of ¥50 each.
- (xi) On 30 March 1990, Dynam issued and allotted 66,000 shares for subscription by strategic investors at a consideration of approximately ¥82.5 million. The consideration was calculated on a basis of ¥1,250 per share, with reference to Dynam's net asset value as at 31 March 1989. Half of the proceeds generate from this allotment was capitalised. The remaining half was accrued as Dynam's capital reserve (*shihon junbi kin* 資本準備金) as permitted under Japanese law which served as its general working capital as a mean to strengthen Dynam's financial position. As a result, the issued share capital of Dynam increased from ¥630,030,150 to ¥671,280,160, divided into 12,403,603 shares of ¥50 each.
- (xii) On 28 September 1990, Dynam capitalised ¥28,719,850 from its capital reserve (*shihon junbi kin* 資本準備金), as a result of which the issued share capital of Dynam increased from ¥671,280,150 to ¥700,000,000.
- (xiii) On 1 October 1990, Dynam issued and allotted 1,240,360 new shares to its existing shareholders at nil consideration.
- (xiv) On 1 November 1991, Dynam issued and allotted 1,000,000 shares for subscription by strategic investors at a consideration of approximately ¥1,320 million. The consideration was calculated on a basis of ¥1,320 per share, with reference to Dynam's net asset value as at 31 March 1991. Half of the proceeds generated from this allotment was capitalised. The remaining half was accrued as Dynam's capital reserve (*shihon junbi kin* 資本準備金) as permitted under Japanese law which served as its general working capital as a mean to strengthen Dynam's financial position. As a result, the issued share capital of Dynam increased from ¥700,000,000 to ¥1,360,000,000.
- (xv) On 1 April 1992, Dynam's issued share capital increased from ¥1,360,000,000 to ¥1,500,000,000. This capital injection was made by way of capitalising its statutory reserve of ¥140,000,000. On the same date, Dynam issued and allotted 1,464,396 new shares to its existing shareholders at nil consideration.
- (xvi) On 6 December 1996, Dynam issued and allotted 170,000 shares for subscription by strategic investors at a consideration of approximately ¥204 million. The consideration was calculated on a basis of ¥1,200 per share, with reference to Dynam's net asset value as at 31 March 1996. The entire proceeds generated from this allotment was capitalised. As a result, the issued share capital of Dynam increased from ¥1,500,000,000 to ¥1,704,000,000, divided into 16,278,359 shares of ¥50 each.
- (xvii) On 6 December 1996, Dynam capitalised ¥296,000,000 from its capital reserve (*shihon junbi kin* 資本準備金). As a result, the issued share capital of Dynam increased from ¥1,704,000,000 to ¥2,000,000,000.

- (xviii) On 29 January 2002, the issued share capital of Dynam further increased to ¥2,500,000,000. This capital injection was made by way of capitalising its capital reserve (*shihon junbi kin* 資本準備金) and retained earnings reserve.
- (xix) On 1 October 2001, the par value of shares in Dynam was changed from ¥50 each to nil, as a result of the abolition of the concept of shares with par value when the Commercial Code was amended in 2001.
- (xx) On 29 March 2002, Dynam issued and allotted 16,278,359 new shares to its existing shareholders at nil consideration. Following the completion of this allotment, the issued share capital of Dynam became ¥2,500,000,000 divided into 32,556,718 shares of nil par value.
- (xxi) On 27 June 2002, the issued share capital of Dynam further increased to ¥5,000,000,000. This capital injection was made by capitalising its Distributable Reserve of ¥2,500,000,000.
- (xxii) On 25 August 2006, Dynam became a wholly-owned subsidiary of DYH by virtue of the 2006 Restructuring.
- (xxiii) On 20 September 2011, the entire issued share capital of Dynam was transferred to our Company pursuant to our Reorganisation.
- (xxiv) There has been no change in the share capital of Dynam during the Track Record Period.

(b) Dynam Data

- (i) Dynam Data was incorporated as a stock company (*kabushiki-gaisha* 株式会社) in Japan on 31 October 2003. At as the date of incorporation, the issued share capital of Dynam Data was ¥10,000,000, divided into 200 shares of nil par value. The number of shares authorised to be issued by Dynam Data was 1,600 shares.
- (ii) As at the date of incorporation, the entire issued share capital of Dynam Data was owned by Dynam Investment.
- (iii) On 1 December 2006, the entire issued share capital of Dynam Data was transferred from Dynam Investment to DYH by virtue of the 2006 Restructuring.
- (iv) On 20 September 2011, the entire issued share capital of Dynam Data was transferred to our Company pursuant to our Reorganisation.
- (v) There has been no change in the share capital of Dynam Data during the Track Record Period.

(c) Dynam Land

- (i) Dynam Land was incorporated as a stock company (*kabushiki-gaisha* 株式会社) in Japan on 31 October 2003. At as the date of incorporation, the issued share capital of Dynam Land was ¥20,000,000, divided into 400 shares of nil par value. The number of shares authorised to be issued by Dynam Land was 4,000 shares.
- (ii) As at the date of incorporation, the entire issued share capital of Dynam Land was owned by Dynam Investment.

- (iii) On 1 December 2006, the entire issued share capital of Dynam Land was transferred from Dynam Investment to DYH by virtue of the 2006 Restructuring.
- (iv) On 24 March 2010, the issued share capital of Dynam Land increased from ¥20,000,000 to ¥520,000,000, divided into 1,400 shares of nil par value, by creating 1,000 new shares, all of which were allotted to DYH.
- (v) On 10 September 2010, the issued share capital of Dynam Land increased from ¥520,000,000 to ¥1,020,000,000 divided into 2,400 shares of nil par value, by creating 1,000 new shares, all of which were allotted to DYH.
- (vi) On 20 September 2011, the entire issued share capital of Dynam Land was transferred to our Company pursuant to our Reorganisation.
- (vii) There has been no change in the share capital of Dynam Land since 10 September 2010.

(d) Dynam Advertisement

- (i) Dynam Advertisement was incorporated as a stock company (*kabushiki-gaisha* 株式会社) in Japan on 1 July 2010. At as the date of incorporation, the issued share capital of Dynam Advertisement was ¥30,000,000, divided into 600 shares of nil par value. The number of shares authorised to be issued by Dynam Advertisement was 6,000 shares.
- (ii) As at the date of incorporation, the entire issued share capital of Dynam Advertisement was owned by DYH.
- (iii) On 20 September 2011, the entire issued share capital of Dynam Advertisement was transferred to our Company pursuant to our Reorganisation.
- (iv) There has been no change in the share capital of Dynam Advertisement during the Track Record Period.

(e) P Trading

- (i) P Trading was incorporated as a stock company (*kabushiki-gaisha* 株式会社) on 1 July 2010. As at the date of incorporation, the issued share capital of P Trading was ¥30,000,000, divided into 600 shares of nil par value. The number of shares authorised to be issued by P Trading was 6,000 shares.
- (ii) As at the date of incorporation, the entire issued share capital of P Trading was owned by DYH.
- (iii) On 20 September 2011, the entire issued share capital of P Trading was transferred to our Company pursuant to our Reorganisation.
- (iv) There has been no change in the share capital of P Trading during the Track Record Period.

(f) Shinrainomori

- (i) Shinrainomori was incorporated as a stock company (*kabushiki-gaisha* 株式会社) on 3 December 2008. As at the date of incorporation, the issued share capital of Shinrainomori was ¥10,000,000, divided into 200 shares. The number of shares authorised to be issued by Shinrainomori was 10,000 shares.
- (ii) As at the date of incorporation, the entire issued share capital of Shinrainomori was owned by DYH.
- (iii) On 1 December 2011, the entire issued share capital of Shinrainomori was transferred to our Company pursuant to our Reorganisation.
- (iv) There has been no change in the share capital of Shinrainomori during the Track Record Period.

(g) Kanto Daido

- (i) Kanto Daido was incorporated as a stock company (*kabushiki-gaisha* 株式会社) on 22 January 1992. As at the date of incorporation, the issued share capital of Kanto Daido was ¥10,000,000, divided into 200 shares of nil par value. The number of shares authorised to be issued by Kanto Daido was 800 shares.
- (ii) As at the date of incorporation, the largest shareholder of Kanto Daido was Mr. Kosuke OKA (岡孝亮).
- (iii) On 27 May 2008, the issued share capital of Kanto Daido increased from ¥10,000,000 to ¥30,000,000, divided into 600 shares of nil par value, by creating 400 new shares, all of which were allotted to Mr. Kosuke OKA (岡孝亮).
- (iv) On 29 June 2008, the number of shares authorised to be issued by Kanto Daido increased from 800 shares to 2,000 shares.
- (v) On 1 July 2008, the entire issued share capital of Kanto Daido was acquired by P Leasing at a consideration of approximately ¥20 million.
- (vi) On 1 July 2008, the issued share capital of Kanto Daido increased from ¥30,000,000 to ¥40,000,000, divided into 700 shares of nil par value.
- (vii) On 31 August 2008, the issued share capital of Kanto Daido reduced from ¥40,000,000 to ¥20,000,000 in order to make available ¥20 million of capital reserve to compensate for its operational loss.
- (viii) On 19 March 2009, the issued share capital of Kanto Daido increased from 20,000,000 to ¥50,000,000, divided into 1,300 shares of nil par value, by creating 600 new shares, all of which were allotted to P Leasing.
- (ix) On 1 December 2011, the entire issued share capital of Kanto Daido was transferred to P Trading pursuant to our Reorganisation.
- (x) There has been no change in the share capital of Kanto Daido since 19 March 2009.

(h) Cabin Plaza

- (i) Cabin Plaza was incorporated as a stock company (*kabushiki-gaisha* 株式会社) in Japan on 25 May 1988. As at the date of incorporation, the issued share capital of Cabin Plaza was ¥10,000,000, divided into 200 shares of nil par value. The number of shares authorised to be issued by Cabin Plaza was 2,000 shares.
- (ii) As at 31 March 2009, the entire issued share capital of Cabin Plaza was owned by Mr. Sang-gon KIM (金相坤) and Mrs. Kung San BUN (文君仙).
- (iii) On 1 April 2009, the entire issued share capital of Cabin Plaza was acquired by DYH at a consideration of approximately ¥1 billion.
- (iv) On 20 September 2011, the entire issued share capital of Cabin Plaza was transferred to our Company pursuant to our Reorganisation.
- (v) There has been no change in the share capital of Cabin Plaza during the Track Record Period.

(i) Daikokuten

- (i) Daikokuten was incorporated as a stock company (*kabushiki-gaisha* 株式会社) in Japan on 12 March 1977. As at the date of incorporation, the issued share capital of Daikokuten was ¥10,000,000, divided into 20,000 shares of nil par value. The number of shares authorised to be issued by Daikokuten was 64,000 shares.
- (ii) As at 30 November 2009, the entire issued share capital of Daikokuten was owned by Ichiroku Shoji Co., Ltd.* (株式会社一六商事).
- (iii) On 1 December 2009, the entire issued share capital of Daikokuten was acquired by DYH at a consideration of approximately ¥350 million.
- (iv) On 19 March 2010, the issued share capital of Daikokuten increased from ¥10,000,000 to ¥95,000,000, divided into 37,000 shares of nil par value.
- (v) On 20 September 2011, the entire issued share capital of Daikokuten was transferred to our Company pursuant to our Reorganisation.
- (vi) There has been no change in Daikokuten's share capital since 19 March 2010.

(j) Okuwa Japan

- (i) Okuwa Japan was incorporated as a stock company (*kabushiki-gaisha* 株式会社) in Japan on 3 July 1996. As at the date of incorporation, the issued share capital of Okuwa Japan was ¥30,000,000, divided into 600 shares of nil par value. The number of shares authorised to be issued by Okuwa Japan was 2,400 shares.
- (ii) As at 31 May 2010, the entire issued share capital of Okuwa Japan was owned by Mr. Atsushi OKUWA (大桑淳) and Mrs. Satomi OKUWA (大桑里美).
- (iii) On 1 June 2010, the entire issued share capital of Okuwa Japan was acquired by DYH at a consideration of approximately ¥30 million.

- (iv) On 21 January 2011, the number of shares authorised to be issued by Okuwa Japan increased from 2,400 shares to 10,000 shares.
- (v) On 27 January 2011, the issued share capital of Okuwa Japan increased from ¥30,000,000 to ¥200,000,000, divided into 7,400 shares of nil par value.
- (vi) On 20 September 2011, the entire issued share capital of Okuwa Japan was transferred to our Company pursuant to our Reorganisation.
- (vii) There has been no change in the share capital of Okuwa Japan since 27 January 2011.

(k) Shinrainomori Association

- (1) Shinrainomori Association is a general incorporated association (*ippan shadan houjin* 一般社団法人) organised under the GIA/GIF Law in Japan without the concept of share capital.
- (2) The initial fund of ¥1 million, which was injected by Dynam on 3 December 2008, does not confer equity ownership and management influence.
- (3) There has been no additional fund injection into Shinrainomori Association since 3 December 2008.

4. Extraordinary Shareholders' meeting of our Company dated 20 June 2012

Pursuant to the resolutions passed by our Shareholders at an extraordinary Shareholders' meeting on 20 June 2012, among other things:

- (a) the Articles of Incorporation were adopted in substitution for and to the exclusion of the existing articles of incorporation of our Company with effect from the Listing Date;
- (b) conditional upon (1) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering and the Over-Allotment Option; (2) the Offer Price having been fixed on the Price Determination Date; and (3) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional or waived and none of the Underwriting Agreements is terminated in accordance with its terms or otherwise:
 - (i) the Global Offering and the Over-Allotment Option as stated in and upon the terms set out in this Prospectus were approved and our Board was authorised and directed to allot and issue the Offer Shares pursuant to the Global Offering and the exercise of the Over-Allotment Option, subject to such modifications, amendments, variations or otherwise as may be made by our Board in its absolute discretion, and our Board or any such committee of our Board or any Director was authorised and directed to effect such modifications, amendments, variations or otherwise as appropriate; and (ii) the Listing was approved and our Board or any such committee of our Board or any Director was authorised and directed to do all such things and execute all such documents to implement the Listing;
- (c) a general unconditional mandate was given to our Board to exercise all the powers of our Company to allot, issue and deal with, otherwise than pursuant to (a) a rights issue; or (b) any specific authority granted by our Shareholders in Shareholders' meeting(s); or (c) any arrangements that would be regulated under Chapter 17 of the

Listing Rules, such number of Shares not exceeding 20% of the entire issued share capital of our Company immediately following completion of the Global Offering, such mandate to remain in effect until the conclusion of the next annual Shareholders' meeting of our Company, the expiration of the period within which the next Shareholders' meeting of our Company is required by the Articles of Incorporation or any applicable law of Japan to be held, or the passing of an ordinary resolution of our Shareholders in a Shareholders' meeting revoking, varying or renewing such mandate, whichever is the earliest;

- (d) a general unconditional mandate was given to our Board to exercise all powers of our Company to repurchase such number of Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, representing not more than 10% of the entire issued share capital of our Company immediately following completion of the Global Offering until the conclusion of the next annual Shareholders' meeting of our Company, the expiration of the period within which the next annual Shareholders' meeting of our Company is required by the Articles of Incorporation or any applicable law of Japan to be held, or the passing of an ordinary resolution of the Shareholders in a Shareholders' meeting revoking, varying or renewing such mandate, whichever is the earliest; and
- (e) the extension of the general mandate to allot, issue and deal with the Shares as mentioned in sub-paragraph (c) by the addition to the aggregate number of Shares which may be allotted and issued or agreed (conditionally or unconditionally) to be allotted or issued by our Board pursuant to such general mandate of an amount representing the aggregate number of Shares repurchased by our Company pursuant to sub-paragraph (d) above, provided that such extended amount shall not exceed 10% of the entire issued share capital of our Company immediately following the Global Offering.

Immediately following the Global Offering becoming unconditional and the issue of Shares as mentioned herein being made, without taking into account any Shares which might be issued pursuant to the Over-Allotment Option the number of Shares authorised to be issued by our Company will be 2,520,000,000 Shares and the issued share capital will be 742,850,360 Shares, all fully paid or credited as fully paid. Other than pursuant to the exercise of the Over-Allotment Option, there is no present intention to issue any of the authorised but unissued share capital of our Company and no issue of Shares which would effectively alter the control of our Company will be made without the prior approval of the members of our Company in a Shareholders' meeting.

5. Reorganisation

In preparation for the Listing of the Shares on the Stock Exchange, the companies comprising our Group underwent the Reorganisation and our Company became the holding company of our Group. Our Reorganisation involved the following major steps:

- (i) Our Company was incorporated as a stock company (*kabushiki-gaisha* 株式会社) in Japan on 20 September 2011. The initial number of Shares authorised to be issued by our Company was 126,000,000 Shares. As at the date of incorporation, the issued share capital of our Company was ¥5,000,000,000, divided into 31,542,518 Shares of nil par value.
- (ii) On 20 September 2011, 31,542,518 Shares of nil par value, credited as fully paid, was allotted and issued to DYH as our initial Shareholder.

- (iii) On 20 September 2011, DYH declared and distributed a dividend in specie by way of distributing 31,542,518 Shares, representing the entire issued share capital of our Company, to the DYH Shareholders whose names appeared on the register of members of DYH on 20 September 2011, pro-rata to their then shareholding in DYH, namely:

Name of Shareholders	Number of Shares (approximate shareholding percentage in our Company)
Mr. Sato	8,126,128 (25.7%)
Rich-O	4,790,500 (15.2%)
One Asia	4,000,000 (12.7%)
Sato Family Members	12,416,828 (39.4%)
Director Shareholders	54,900 (0.2%)
Employee Shareholders	1,175,562 (3.7%)
Institutional Shareholders	978,600 (3.1%)

- (iv) On 20 September 2011, DYH transferred to our Company 32,556,718 shares in Dynam, 200 shares in Cabin Plaza, 37,000 shares in Daikokuten, 7,400 shares in Okuwa Japan, 2,400 shares in Dynam Land, 200 shares in Dynam Data, 600 shares in P Trading and 600 shares in Dynam Advertisement, representing the entire issued share capital of each of Dynam, Cabin Plaza, Daikokuten, Okuwa Japan, Dynam Land, Dynam Data, P Trading, and Dynam Advertisement, respectively.

- (v) On 1 December 2011, DYH transferred 200 shares in Shinrainomori, representing the entire issued share capital of Shinrainomori at that time, to our Company at a consideration of ¥9 million. On the same date, P Leasing transferred 1,300 shares in Kanto Daido, representing the entire issued share capital of Kanto Daido at that time, to P Trading at a consideration of ¥49 million. Following the completion of these transfers, our Company became the holding company of our Group.

See the section headed “History, Development and Reorganisation — Our Corporate development — Reorganisation” in this Prospectus for more details of the Reorganisation arrangements undergone by our Company in preparation for the Listing.

6. Repurchase by our Company of its own securities

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(a) Shareholders’ approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by special approval of a particular transaction. Our Company’s sole listing will be on the Stock Exchange.

Under the Listing Rules and the Companies Ordinance, the shares which are proposed to be purchased by a company must be fully paid up.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and our Shareholders as a whole to have general authority from the Shareholders of our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value and the assets of our Company and/or the earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and the Shareholders of our Company as a whole.

(c) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles of Incorporation, the Listing Rules and the applicable laws of Japan.

On the basis of our Group's current financial position as disclosed in this Prospectus and taking into account our Group's current working capital position, our Directors consider that, if the Repurchase Mandate was to be exercised in full, it might have a material adverse effect on our Group's working capital and/or the gearing position as compared with the position disclosed in this Prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on our Group's working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate to our Group.

(d) General

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell Shares to our Company or the subsidiaries of our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Japan.

No connected person has notified us that he has a present intention to sell Shares to our Company, or has undertaken to do so.

No purchase of Shares has been made by our Company since the date of our incorporation.

If as a result of a securities repurchase a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers. Accordingly, the Shareholder or a group of Shareholders of our Company acting in concert could obtain or consolidate our Company's control and may become obliged to make a mandatory offer in accordance with Rule 26 of the Hong Kong Code on Takeovers and Mergers and the provision may apply as a result of any such increase. Our Directors are not aware of any other consequences of repurchases which would arise under the Hong Kong Code on Takeovers and Mergers.

(e) Share capital

Exercise in full of the Repurchase Mandate, on the basis of 742,850,360 Shares in issue immediately after completion of the Global Offering but without taking into account any Shares which might be issued pursuant to the Over-Allotment Option, could accordingly result in up to

74,285,036 Shares being repurchased by our Company during the course of the period prior to the date on which such Repurchase Mandate expires or terminates as mentioned in the paragraph headed “Extraordinary Shareholders’ meeting of our Company dated 20 June 2012” in this Appendix.

(f) General mandate

Pursuant to an extraordinary Shareholders’ meeting of our Company dated 20 June 2012, a general unconditional mandate (the “Repurchase Mandate”) was given to our Board of Directors authorising any repurchase by our Company of Shares on the Stock Exchange, or on any other stock exchange on which the Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10% of our Company’s entire share capital immediately following the completion of the Global Offering, such mandate to expire at the conclusion of the next annual Shareholders’ meeting of our Company, or the expiration of the period within which the next annual Shareholders’ meeting of our Company is required by the Articles of Incorporation or applicable laws of Japan to be held, or when revoked or varied by ordinary resolution of the Shareholders of our Company, whichever shall first occur.

Under Japanese law, repurchases by our Company through the Repurchase Mandate must be conducted through “*market transactions, etc.*” (*shijo torihiki tou* 市場取引等). Given the lack of relevant judicial precedent in Japan, it is unclear whether repurchases on the Stock Exchange are within the scope of “*market transactions, etc.*” (*shijo torihiki tou* 市場取引等). Our Directors undertake not to exercise the Repurchase Mandate absent clear judicial authority in Japan. Shareholders should also note that under the Companies Act, the total book value of the monies paid to the relevant Shareholders pursuant to the exercise of the Repurchase Mandate shall not exceed the Distributable Amount of our Company as at the date of repurchase.

(g) Status of repurchases securities

Under our Articles of Incorporation, our Company shall without delay cancel any treasury Shares acquired by us through the resolution of our Board of Directors or decision of Executive Officer(s) authorised by our Board, if such cancellation is required under the Listing Rules. Hence, in compliance with Rule 10.06(5) of the Listing Rules, the listing of all repurchased securities (whether effected on the Stock Exchange or otherwise) will be cancelled without undue delay and the certificates for those securities will be cancelled and destroyed. The issued share capital of our Company shall also be reduced accordingly.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this Prospectus and are, or may be, material:

- (a) an equity transfer agreement dated 21 November 2011 entered into among our Company, DYH and Shinrainomori, pursuant to which DYH agreed to transfer 200 Shares in Shinrainomori, being the entire issued share capital of Shinrainomori at that time, to our Company at a consideration of ¥9 million on 1 December 2011;
- (b) an equity transfer agreement dated 21 November 2011 entered into among P Trading, P Leasing and Kanto Daido, pursuant to which P Leasing agreed to transfer 1,300 Shares in Kanto Daido, being the entire issued share capital of Kanto Daido at that time, to P Trading at a consideration of ¥49 million on 1 December 2011;

- (c) the Deed of Non-Competition;
- (d) the Deed of Indemnity; and
- (e) the Hong Kong Underwriting Agreement.

2. Our material intellectual property rights

Set out below is a summary of our material intellectual property rights. Our material intellectual property rights were determined by our Directors on the basis of their materiality to our business operation, financial position and prospects.

(a) Trademark

As at the Latest Practicable Date, we were the registered owner of the following trademarks which, in the opinion of our Directors, are material to our business:

Trademark	Place of Registration	Class	Registration Number	Registration Date	Expiry Date
	Japan	41	4230027	14 January 1999	14 January 2019
	Japan	41	4230028	14 January 1999	14 January 2019
	Japan	9, 28, 41	5054137	15 June 2007	15 June 2017
ダイナム ゆったり館	Japan	41	5178357	07 November 2008	07 November 2018
	Japan	41	5178354	07 November 2008	07 November 2018
	Japan	41	5178355	07 November 2008	07 November 2018
	Japan	41	5178356	07 November 2008	07 November 2018
キャビンプラザ CABIN PLAZA	Japan	41	5327275	04 June 2010	04 June 2020
信頼の森	Japan	9, 11, 16, 19, 28, 29, 30, 31, 35, 36, 37, 39, 40, 41, 42, 43, 44	5264236	11 September 2009	11 September 2019
	Japan	9, 11, 16, 19, 28, 29, 30, 31, 35, 36, 37, 39, 40, 41, 42, 43, 44	5289626	25 December 2009	25 December 2019

Trademark	Place of Registration	Class	Registration Number	Registration Date	Expiry Date
	Japan	9, 11, 16, 19, 28, 29, 30, 31, 35, 36, 37, 39, 40, 41, 42, 43, 44	5289627	25 December 2009	25 December 2019
 コンビニエンス	Japan	41	5286394	11 December 2009	11 December 2019
 コンビニエンス	Japan	28	5463629	20 January 2012	20 January 2022
やすみ時間	Japan	16, 28, 41	5325590	28 May 2010	28 May 2020
	Japan	16, 28, 41	5325591	28 May 2010	28 May 2020
DYNAM	Japan	28	5457398	16 December 2011	16 December 2021
	Japan	35, 36	5495392	25 May 2012	25 May 2022
	Hong Kong	28, 41	302089882	18 November 2011	17 November 2021

As of the Latest Practicable Date, we had applied for the registration of the following trademarks which, in the opinion of our Directors, are material to our business:

Trademark	Place of Application	Class	Application Date	Application Number
	Hong Kong	35, 36	18 November 2011	302089918
信頼の森	Hong Kong	28, 41	18 November 2011	302089873
	Hong Kong	28, 41	18 November 2011	302089891
DYNAM	Hong Kong	28, 41	18 November 2011	302089927
	Hong Kong	28, 41	18 November 2011	302089936
	Hong Kong	41	18 November 2011	302089945
キャビンプラザ CABIN PLAZA	Hong Kong	41	18 November 2011	302089954
DYNAM JAPAN HOLDINGS Co., Ltd.	Hong Kong	35, 36	28 March 2012	302204829
大樂門(日本)控股有限公司	Hong Kong	35, 36	28 March 2012	302204838
DYNAM JAPAN HOLDINGS Co., Ltd.	PRC	35	30 March 2012	10702643
DYNAM JAPAN HOLDINGS Co., Ltd.	PRC	36	30 March 2012	10702644
大乐门(日本)控股有限公司	PRC	35	30 March 2012	10702645
大乐门(日本)控股有限公司	PRC	36	30 March 2012	10702646
	PRC	28	30 March 2012	10702653
	PRC	41	30 March 2012	10702654
	PRC	35	30 March 2012	10702655
	PRC	36	30 March 2012	10702656

(b) Patent

As at the Latest Practicable Date, we had been granted the following patents which, in the opinion of our Directors, are material to our business:

	<u>Type of Patent</u>	<u>Patent Description</u>	<u>Place of Registration</u>	<u>Patent Number</u>	<u>Registration Date</u>	<u>Expiry Date</u>
1.	Game machine management/ instruction system* (遊技台管理指示システム)	A game machine management/ instruction system which can give overall	Japan	4090220	07 March 2008	29 June 2021
		management instructions to game machines in all pachinko halls* (全店舗に横断的な管理指示が行える遊技台管理指示システム)	Taiwan	I266998	21 November 2006	27 June 2022
			PRC	ZL 02 8 08329.6	30 May 2002 (Application date)	30 May 2022
					22 March 2006 (Date of announcement of grant)	
2. ⁽¹⁾	Structure of installing side boards onto game machines* (遊技機用幕板の取付機構)	A structure which simplifies the installing and uninstalling process of side boards of the game machines* (開閉幕板の取付を簡単にしたもの)	Japan	4220148	21 November 2008	18 October 2021
3. ⁽²⁾	Supporting platform for game machine island* (遊技機島の支持台)	Base unit and pole structure* (ベースユニット及び柱構造)	Japan	4275879	13 March 2009	18 October 2021
4. ⁽³⁾	Parlor chairs* (パーラーチェア)	Parlor chairs that are detachable from floors* (床面から自在に装脱着が可能なパーラーチェア)	Japan	4190774	26 September 2008	01 March 2022
5. ⁽⁴⁾	Level adjustment mechanism for game machine frames* (遊技機用フレームのレベル調整機構)	The mechanism which can adjust the level of the game machine frames without detaching the game machines from game machine islands, after the installation of the game machines* (遊技島完成後も遊技島を解体することなくレベル調整できるもの)	Japan	4315670	29 May 2009	26 November 2022

	<u>Type of Patent</u>	<u>Patent Description</u>	<u>Place of Registration</u>	<u>Patent Number</u>	<u>Registration Date</u>	<u>Expiry Date</u>
6.	Measuring instrument* (測定器)	A measuring instrument which can identify whether appropriate contact was made by the instrument to the measured object during operation* (操作しながら、測定器が被測定物の測定部位に対し適正に接触しているか確認できる測定器)	Japan	4643548	10 December 2010	30 November 2026
7.	Hand cart* (運搬用台車)	A hand cart that disables easy change or alteration of the items stored therein, or enables the easy detection of the aforesaid change or alteration* (運搬用台車の収納物を簡単に改変・改造できなくする、または改変・改造されたおそれがある場合は、そのことが容易に分かる運搬用台車)	Japan	4694522	04 March 2011	15 March 2027

- (1) This patent is co-owned with Itoki Corporation, an Independent Third Party. There is no agreement on the terms and conditions on co-ownership of this patent. According to our Japan Legal Adviser, under the Patent Act, each co-owner of a patent may use such patent by itself but may not transfer or license all or a part of its patent right to any third party without consent of the other co-owner. Co-ownership is arranged because the patent was created and developed jointly with co-owner.
- (2) This patent is co-owned with Itoki Corporation, an Independent Third Party. There is no agreement on the terms and conditions on co-ownership of this patent. According to our Japan Legal Adviser, under the Patent Act, each co-owner of a patent may use such patent by itself but may not transfer or license all or a part of its patent right to any third party without consent of the other co-owner. Co-ownership is arranged because the patent was created and developed jointly with co-owner.
- (3) This patent is co-owned with Itoki Corporation, an Independent Third Party. There is no agreement on the terms and conditions on co-ownership of this patent. According to our Japan Legal Adviser, under the Patent Act, each co-owner of a patent may use such patent by itself but may not transfer or license all or a part of its patent right to any third party without consent of the other co-owner. Co-ownership is arranged because the patent was created and developed jointly with co-owner.
- (4) This patent is co-owned with Itoki Corporation, an Independent Third Party. There is no agreement on the terms and conditions on co-ownership of this patent. According to our Japan Legal Adviser, under the Patent Act, each co-owner of a patent may use such patent by itself but may not transfer or license all or a part of its patent right to any third party without consent of the other co-owner. Co-ownership is arranged because the patent was created and developed jointly with co-owner.

As of the Latest Practicable Date, we had applied for the registration of the following patents which, in the opinions of our Directors, are material to our business:

	<u>Type of Patent</u>	<u>Patent Description</u>	<u>Place of Registration</u>	<u>Application Date</u>	<u>Application Number</u>
1. ⁽¹⁾	Rack between game machines* (台間ラック)	Simple structured rack between game machines to mitigate obstruction factors for players* (遊技者に対する障害要因を低減しつつも簡易な構成の台間ラック)	Japan	27 March 2009	Tokugan*特願 2009-080335
2. ⁽²⁾	Fixing bracket for game machine frames* (遊技機枠固定具)	Fixing tool for game machine frames which fixes game machines easier and saves space* (省スペース化を図りながらも簡易に遊技機を固定させ得る遊技機枠固定具)	Japan	14 July 2010	Tokugan*特願 2010-159922

- (1) This patent is co-owned with Itoki Corporation and Cerno Corporation, Independent Third Parties. There is no agreement on the terms and conditions on co-ownership of this patent. According to our Japan Legal Adviser, under the Patent Act, each co-owner of a patent may use such patent by itself but may not transfer or license all or a part of its patent right to any third party without consent of the other co-owner. Co-ownership is arranged because the patent was created and developed jointly with co-owners.
- (2) This patent is co-owned with Itoki Corporation, Cerno Corporation and Shinno Epack Co., Ltd., Independent Third Parties. There is no agreement on the terms and conditions on co-ownership of this patent. According to our Japan Legal Adviser, under the Patent Act, each co-owner of a patent may use such patent by itself but may not transfer or license all or a part of its patent right to any third party without consent of the other co-owner. Co-ownership is arranged because the patent was created and developed jointly with co-owners.

(c) Domain name

As at the Latest Practicable Date, we were the registered owner of the following domain names which, in the opinion of our Directors, are material to our business:

<u>Domain Name</u>	<u>Expiry Date</u>
dynam.co.jp	31 January 2013
dyjh.co.jp	30 September 2012

The contents of the website(s), registered or licensed, do not form part of this Prospectus. We currently intend to renew these two domain names before their respective expiry dates.

Except as aforesaid, there are no other trade or service marks, patents, other intellectual or industrial property rights which are or may be material in relation to our Group's business.

C. FURTHER INFORMATION ABOUT OUR GROUP'S SUBSIDIARIES IN JAPAN

Our Company has the following subsidiaries established in Japan, the basic information of which as at the Latest Practicable Date is set out below:

1. Dynam

Nature	stock company (<i>kabushiki-gaisha</i> 株式会社)
Date of incorporation	25 July 1967
Commencement date of business	25 July 1967
Issued share capital	¥5,000,000,000
Registration number	0115-01-007357
Number of shares authorised to be issued	130,000,000 shares
Attributable interest of our Group	100%
Scope of business	(1) management of recreation halls; management game centres; management of restaurants, apartments, stores for rent and offices for rent (2) training education and language teachers for language and conversation (3) agency service for mediation for foreign school attendance and studying abroad and related procedures (4) development and sale of language materials (videos, tapes, and books) (5) non-life insurance agency operations (6) life insurance agency operations (7) compulsory automobile liability insurance agency operations (8) any and all incidental upon any of the above activities
Directors	Mr. Kohei SATO (佐藤公平) Mr. Takashi SATO (佐藤敬) Mr. Mamoru SAITO (斉藤守) Mr. Haruhiko MORI (森治彦) Mr. Hiroshi MIWA (三輪博) Mr. Makoto SAKAMOTO (坂本誠)
Shareholder	our Company

2. Cabin Plaza

Nature	stock company (<i>kabushiki-gaisha</i> 株式会社)
Date of incorporation	25 May 1988
Commencement date of business	25 May 1988
Issued share capital	¥10,000,000
Registration number	3800-01-019664

Number of shares authorised to be issued	2,000 shares
Attributable interest of our Group	100%
Scope of business	operating amusement halls and all other relevant operations
Director	Mr. Masaaki HORIGUCHI (堀口昌章)
Shareholder	our Company

3. Daikokuten

Nature	stock company (<i>kabushiki-gaisha</i> 株式会社)
Date of incorporation	12 March 1977
Commencement date of business	12 March 1977
Issued share capital	¥95,000,000
Registration number	0900-01-004818
Number of shares authorised to be issued	64,000 shares
Attributable interest of our Group	100%
Scope of business	operating amusement halls and all other relevant operations
Director	Mr. Kuniyuki ISHIZUKA (石塚邦幸)
Shareholder	our Company

4. Okuwa Japan

Nature	stock company (<i>kabushiki-gaisha</i> 株式会社)
Date of incorporation	3 July 1996
Commencement date of business	3 July 1996
Issued share capital	¥200,000,000
Registration number	1900-01-010013
Number of shares authorised to be issued	10,000 shares
Attributable interest of our Group	100%
Scope of business	operating amusement halls and all other relevant operations
Director	Mr. Kanetaka SATOH (佐藤金孝)
Shareholder	our Company

5. Dynam Data

Nature	stock company (<i>kabushiki-gaisha</i> 株式会社)
Date of incorporation	31 October 2003
Commencement date of business	31 October 2003
Issued share capital	¥10,000,000
Registration number	0118-01-023789
Number of shares authorised to be issued	1,600 shares
Attributable interest of our Group	100%
Scope of business	<ol style="list-style-type: none"> (1) contract work and commissioned work of calculation and payment of salaries and retirement benefits, management of corporate pension, management of social insurance and labour insurance, management of company dormitory and company housing, occupational safety and health management, recruitment, corporate personnel affairs and labour control and welfare related affairs (2) contract work and commissioned work of corporate accounting related work such as taxation and account (3) contract work and commissioned work of documentation, printing, receipt and delivery of documents and general work of other companies (4) computer system development related to the previous paragraph, installation, operation and maintenance (5) employment placement (6) labour despatch service (7) information processing and information provision services (8) non-life insurance agency (9) life insurance agency (10) automobile insurance agency (11) all businesses incidental to or related to each paragraph
Director	Mr. Kenichi ASAI (浅井健一)
Shareholder	our Company

6. Dynam Land

Nature	stock company (<i>kabushiki-gaisha</i> 株式会社)
Date of incorporation	31 October 2003
Commencement date of business	31 October 2003

Issued share capital	¥1,020,000,000
Registration number	0115-01-010575
Number of shares authorised to be issued	4,000 shares
Attributable interest of our Group	100%
Scope of business	(1) management, rent, sale and purchase, brokerage and evaluation of real estate (2) commissioned work of management and rent of real estate (3) consulting regarding rent of real estate (4) information gathering, information analysis and information provision service regarding real estate (5) moving broker (6) non-life insurance agency (7) life insurance agency (8) automobile insurance agency (9) all businesses incidental to or related to each of the previous paragraphs
Director	Mr. Mitsuyuki SEKI (関光幸)
Shareholder	our Company

7. P Trading

Nature	stock company (<i>kabushiki-gaisha</i> 株式会社)
Date of incorporation	1 July 2010
Commencement date of business	1 July 2010
Issued share capital	¥30,000,000
Registration number	0115-01-015964
Number of shares authorised to be issued	6,000 shares
Attributable interest of our Group	100%
Scope of business	(1) gathering, analysing and offering information about amusement machines in halls and manage information in an integrated manner (2) gathering, analysing and offering marketing information about amusement machines (3) planning, developing, selling and maintaining private brand machines (4) evaluating capability of amusement machines (5) selling and purchasing machines, peripheral equipments of amusement machines and other hall related equipments

- (6) creating application documents regarding transfer of amusement machines and process applications
- (7) developing, operating and maintaining amusement machine control system and offer system service
- (8) acting as an intermediary or an agent of each of the preceding items, and conducting the research or consulting thereof
- (9) all businesses incidental to or related to each of the preceding items

Director Mr. Toshio SOGA (曾我稔夫)
 Shareholder our Company

8. Dynam Advertisement

Nature stock company (*kabushiki-gaisha* 株式会社)
 Date of incorporation 1 July 2010
 Commencement date of business 1 July 2010
 Issued share capital ¥30,000,000
 Registration number 0115-01-015963
 Number of shares authorised to be issued 6,000 shares
 Attributable interest of our Group 100%
 Scope of business (1) comprehensive advertisement agency
 (2) research and planning of advertising media
 (3) planning and production of advertisement and sale promotion
 (4) contingent businesses and other related business on the above
 Director Mr. Shigeru FUKUMA (福間茂)
 Shareholder our Company

9. Kanto Daido

Nature stock company (*kabushiki-gaisha* 株式会社)
 Date of incorporation 22 January 1992
 Commencement date of business 22 January 1992
 Issued share capital ¥50,000,000
 Registration number 0105-01-002705
 Number of shares authorised to be issued 2,000 shares
 Attributable interest of our Group 100%

Scope of business	<ol style="list-style-type: none"> (1) designing and selling automatic supply device for pachinko machines (2) selling parts for pachinko ball machines, exchange machines, and calculator (3) designing and constructing shops (4) planning and constructing interior and exterior of shops (5) selling pachinko machines (6) trading second-hand pachinko machines (7) all other relevant operations of above
Directors	<p>Mr. Taro OKA (岡太郎) Mr. Masatoshi YAMAZAKI (山崎昌利) Mr. Takahiko FUJII (藤井孝彦)</p>
Shareholder	P Trading

10. Shinrainomori

Nature	stock company (<i>kabushiki-gaisha</i> 株式会社)
Date of incorporation	3 December 2008
Commencement date of business	3 December 2008
Issued share capital	¥10,000,000
Registration number	0115-01-014420
Number of shares authorised to be issued	10,000 shares
Attributable interest of our Group	100%
Scope of business	<ol style="list-style-type: none"> (1) purchasing, researching and developing, producing, selling, transporting, installing, repairing and maintaining, renting, leasing, and importing and exporting regarding pachinko machines, second-hand pachinko machines, parts of anti-legal machineries, peripheral equipments and accessory parts (2) planning, designing, and constructing regarding interior and exterior of amusement halls (3) purchasing, researching and developing, producing, selling, transporting, managing stock and importing and exporting regarding foods which are provided in the halls and prizes including household products (4) collecting, transporting and disposing general and industrial wastes (5) training and planning event with regard to contributing development of the amusement industry

	(6) conducting marketing research to hall and pachinko machines related business operators, providing business plan, designing halls, and training for management of pachinko halls
	(7) planning and producing advertisement
	(8) acting as mediator, agent, conducting research, providing consultation in relating to the above
	(9) all other matters relating to the above
Directors	Mr. Yoji SATO (佐藤洋治) Mr. Kohei SATO (佐藤公平)
Shareholder	our Company
11. Shinrainomori Association	
Nature	general incorporated association (<i>ippan shadan houjin</i> 一般社団法人)
Date of establishment	3 December 2008
Date of commencement of business	3 December 2008
Initial fund	¥1,000,000
Registration number	0115-05-001319
Attributable voting rights of our Group	100% ⁽¹⁾
Directors	Mr. Yoji SATO (佐藤洋治) Mr. Kohei SATO (佐藤公平)
Members	Dynam Daikokuten Cabin Plaza Okuwa Japan ⁽¹⁾

(1) Shinrainomori Association is a general incorporated association (*ippan shadan houjin* 一般社団法人) organised under the GIA/GIF Law in Japan which does not involve the concept of shareholding and equity interests. Voting rights in Shinrainomori Association are conferred to its members, which, as at the Latest Practicable Date, comprised of Dynam, Cabin Plaza, Daikokuten and Okuwa Japan, each being a wholly-owned subsidiary of our Company. Our Company, through these companies, controlled the entire voting rights in Shinrainomori Association and is entitled to appoint all of its directors.

D. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF**1. Particulars of Directors' service agreements**

- (a) Mr. Sato, our executive Director, has entered into a service agreement with our Company for a term of one year commenced on 20 June 2012 which shall be terminated in accordance with the provisions of the service agreement by either party giving to the other not less than 30 days prior notice in writing. The annual remuneration entitled by Mr. Sato is as follows:

	¥
Executive Director	
Yoji SATO (佐藤洋治)	33,600,000

- (b) Mr. Ushijima, our non-executive Director, has entered into a service agreement with our Company for a term of one year commenced on 20 June 2012 which shall be terminated in accordance with the provisions of the service agreement by either party giving to the other not less than 30 days prior notice in writing. The annual remuneration entitled by Mr. Ushijima is as follows:

	¥
Non-executive Director	
Mr. Noriaki USHIJIMA (牛島憲明)	6,000,000

- (c) Each of Mr. Horiba, Mr. Takano, Mr. Yoshida, Mr. Kato and Mr. Yip, being our independent non-executive Directors, has entered into a letter of appointment with our Company for a term of one year commenced on 20 June 2012 which shall be terminated in accordance with the provisions of the service agreement by either party giving to the other not less than 30 days prior notice in writing. The annual remunerations entitled by each of the independent non-executive Directors are as follows:

	¥
Independent non-executive Directors	
Mr. Katsuhide HORIBA (堀場勝英)	6,000,000
Mr. Ichiro TAKANO (高野一郎)	6,000,000
Mr. Yukio YOSHIDA (吉田行雄)	6,000,000
Mr. Mitsutoshi KATO (加藤光利)	5,040,000
Mr. Thomas Chun Kee YIP (葉振基)	5,040,000

2. Directors' remuneration

During the Track Record Period, no emoluments were paid by our Group to our Directors for the two years ended 31 March 2010 and 2011 and the six months ended 30 September 2011 as their emoluments were paid by DYH and were not changed to our Group during these periods. The emoluments of our Directors borne by DYH were approximately ¥457 million, ¥514 million and ¥278 million, respectively, for each of the two years ended 31 March 2010 and 2011 and the six months ended 30 September 2011. For the six months ended 31 March 2012, the aggregate emoluments paid to our Directors were approximately ¥48.9 million. We expect to incur approximately ¥67.7 million (equivalent to approximately HK\$6 million) per annum in emoluments after the Listing.

3. Interests of Directors and chief executive in our share capital

Immediately following completion of the Global Offering (without taking into account any Shares that may be issued and allotted pursuant to the Over-Allotment Option), the interests and short positions of the Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO), which, once the Shares are listed on the Stock Exchange, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, will be as follows:

Interests in the Shares of our Company

<u>Name(s) of Director(s)</u>	<u>Nature of interests</u>	<u>Number of Shares⁽¹⁾</u>	<u>Approximate percentage of shareholding⁽²⁾</u>
Mr. Yoji SATO (佐藤洋治)	Beneficial owner ⁽²⁾ ; interest in controlled corporation ⁽²⁾ ; interest in spouse ⁽³⁾ ; interest in family member ⁽⁴⁾	506,669,120	68.2%
Mr. Noriaki USHIJIMA (牛島憲明) . . .	Beneficial owner	838,000	0.1%
Mr. Katsuhide HORIBA (堀場勝英) . .	Beneficial owner	100,000	0.01%
Mr. Ichiro TAKANO (高野一郎)	Beneficial owner	20,000	0.002%
Mr. Yukio YOSHIDA (吉田行雄)	Beneficial owner	140,000	0.02%

(1) All interests stated are long positions.

(2) The approximate percentage of shareholding in the Shares in issue of our Company stated above are calculated on the assumption that (i) the Global Offering becomes unconditional; (ii) the Offer Shares are issued; and (iii) without taking into account any Shares which may be issued upon the exercise of the Over-Allotment Option.

(3) Mr. Sato is beneficially interested in 162,522,560 Shares. Mrs. Keiko SATO, his wife, is beneficially interested in 760 Shares, and such interests are deemed to be Mr. Sato's interests under the SFO. Rich-O, which owns 95,810,000 is a company owned as to 99.9% and controlled by Mr. Sato.

(4) The Sato Family Members consist of Mrs. Keiko SATO (wife of Mr. Sato), Mrs. Yaeko NISHIWAKI (sister of Mr. Sato), Mr. Masahiro SATO (brother of Mr. Sato), Mr. Shigehiro SATO (brother of Mr. Sato), Mr. Kohei SATO (brother of Mr. Sato), and Mr. Kiyotaka SATO (uncle of Mr. Sato). The Sato Family Members are the beneficial owners of 248,336,560 Shares. Each of the Sato Family Members is a family member of Mr. Sato and of each other, and is therefore deemed to be interested in the Shares in our Company in which Mr. Sato is interested, and Mr. Sato is deemed to be interested in the Shares in our Company in which each of the Sato Family Members is interested.

4. Substantial Shareholders

So far as our Directors are aware, each of the following persons will, immediately following completion of the Global Offering (without taking into account the Shares which may be issued upon the exercise of the Over-Allotment Option), (i) have an interest or short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or (ii) be interested, directly or indirectly, in 10% or more of any class of shares in issue carrying rights to vote in all circumstances at Shareholders' meetings of any other member of our Group and are therefore regarded as substantial Shareholders of our Company:

Substantial Shareholder	Capacity/nature of interest ⁽¹⁾	Number of Shares owned	Approximate percentage of shareholding ⁽²⁾
Mr. Yoji SATO	Beneficial owner ⁽³⁾ ; interest in controlled corporations ⁽⁴⁾ ; interest in family member ⁽⁵⁾	506,669,120	68.2%
Rich-O	Beneficial owner ⁽⁴⁾	95,810,000	12.9%
One Asia	Beneficial owner ⁽⁶⁾	80,000,000	10.7%
The Sato Family Members	Beneficial owner ⁽⁵⁾ ; interest in controlled corporations ⁽⁵⁾ ; interest in family member ⁽⁵⁾	506,669,120	68.2%

(1) All interests stated are long positions.

(2) The approximate percentage of shareholding in the Shares in issue of our Company stated above are calculated on the assumption that the Global Offering becomes unconditional and the Offer Shares are issued; and without taking into account any Shares which may be issued upon the exercise of the Over-Allotment Option.

(3) Mr. Sato is the beneficial owner of 162,522,560 Shares.

(4) Rich-O is a company owned as to approximately 99.9% and controlled by Mr. Sato. Hence, Mr. Sato is deemed to be interested in the Shares held by Rich-O by virtue of Rich-O controlled by Mr. Sato.

(5) The Sato Family Members consist of Mrs. Keiko SATO (wife of Mr. Sato), Mrs. Yaeko NISHIWAKI (sister of Mr. Sato), Mr. Masahiro SATO (brother of Mr. Sato), Mr. Shigehiro SATO (brother of Mr. Sato), Mr. Kohei SATO (brother of Mr. Sato), and Mr. Kiyotaka SATO (uncle of Mr. Sato). The Sato Family Members are the beneficial owners of 248,336,560 Shares. Each of the Sato Family Members is a family member of Mr. Sato and of each other, and is therefore deemed to be interested in the Shares in our Company in which Mr. Sato is interested, and Mr. Sato is deemed to be interested in the Shares in our Company in which each of the Sato Family Members is interested.

(6) One Asia is a general incorporated foundation (*ippan shadan houjin* 一般社団法人) established under the GIA/GIF Law. The operation and management of One Asia is independent from our Controlling Shareholders and our Controlling Shareholders have no discretion in exercising One Asia's voting rights in our Company. One Asia, being a substantial Shareholder of our Company, is a connected person of our Company. Our Group does not expect to enter into any connected transaction with One Asia after the Listing. The Shares held by One Asia are not counted as public Shares. The Shares held by One Asia will be subject to a six-month lock-up undertaking after the Listing. See the paragraphs headed "Relationship with Controlling Shareholders — Overview — One Asia" for further details on One Asia's relationship with our Controlling Shareholders.

Save as disclosed herein, our Directors are not aware of any person who will, immediately after completion of the Global Offering, have an interest or short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be interested, directly or indirectly, in 10% or more of any class of share capital carrying rights to vote in all circumstances at Shareholders' meetings of our Company.

5. Disclaimers

Except as disclosed in this Prospectus:

- (a) none of our Directors or any of the experts referred to in the paragraph headed “Consents of experts” in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have been within the two years immediately preceding the date of this Prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be so acquired, disposed of or leased;
- (b) none of our Directors or any of the experts referred to in the paragraph headed “Consents of experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date to this Prospectus which is significant in relation to our business;
- (c) none of the experts referred to in the paragraph headed “Consents of experts” in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group, save in connection with the Underwriting Agreements, nor is in the employment of an officer of our Company; and
- (d) none of our Directors, any of their associates (as defined in the Listing Rules) or any Shareholder of our Company (which to the knowledge of our Directors owns more than 5% of the issued share capital of our Company) has any interest in any of our Group’s five largest G-prize suppliers, five largest general prize suppliers, five largest pachinko and pachislot machine suppliers or five largest customers.

E. OTHER INFORMATION

1. Estate duty

We have been advised that no material liability for estate duty is likely to fall on us or any of our subsidiaries in Japan. Japanese inheritance tax and gift tax at progressive rates may be payable by an individual who has acquired ordinary shares of our Company as a legatee, heir or donee even though neither the acquiring individual nor the deceased nor donor is a Japanese resident.

2. Indemnities

Our Controlling Shareholders have, pursuant to the Deed of Indemnity, jointly and severally given indemnities in favor of our Company (for ourselves and as trustee for our subsidiaries) in connection with, among other things,

- (i) any tax liability which might be payable by our Group resulting from any income, profit, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or up to the date on which the Global Offering becomes unconditional (the “Effective Date”);
- (ii) certain estate duty which might be payable by our Group by virtue of the Estate Duty Ordinance, Chapter 111 of the Laws of Hong Kong or legislation similar thereto in Hong Kong, Japan or any part of the world;

- (iii) any liability which might be payable by our Group directly or indirectly resulting from, or relating to or in consequence of:
 - (a) our Reorganisation;
 - (b) any changes in the share capital and shareholding of any member of our Group (including their respective predecessor companies) as set forth in the section headed “History, Development and Reorganisation” in this Prospectus;
 - (c) the redemption of the Pre-IPO Convertible Bonds as described in the section headed “History, Development and Reorganisation” in this Prospectus;
 - (d) any unlawful use of the real properties owned or leased by our Group and/or non-compliance by our Group of any relevant land, construction or user regulations applicable to the properties leased by the relevant members of our Group prior to the Effective Date; and
 - (e) any possible or alleged violation or non-compliance by any member of our Group with any Hong Kong or Japan laws or regulations on all matters prior to the Effective Date; and
- (iv) any liability which might be payable by our Group in respect of or arising directly or indirectly from any claim which is covered by the indemnities given under (i) to (iii) above.

The aforesaid Deed of Indemnity is conditional on the conditions set out in the paragraphs headed “Conditions of the Global Offering” in the section headed “Structure of the Global Offering” in this Prospectus being fulfilled.

3. Litigation

Save as disclosed in this Prospectus, neither our Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance is known by our Directors to be pending or threatened by or against any member of our Group.

4. Promoters

Our Company has no promoter as the term is defined under the Listing Rules.

5. Application for listing

Shenyin Wanguo Capital (H.K.) Limited and Piper Jaffray Asia Limited have made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this Prospectus.

6. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately ¥43.5 million, approximately ¥35.6 million of which are payable by DYH and the rest is payable by our Company.

7. Qualifications of experts

The following are the qualifications of the experts which have given their opinions or advice which are contained, or referred to, in this Prospectus:

<u>Expert</u>	<u>Qualification</u>
Shenyin Wanguo Capital (H.K.) Limited	Licensed corporation to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Piper Jaffray Asia Limited	Licensed corporation to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Deacons	Qualified Hong Kong lawyers
Soga Law Office	Qualified Japan lawyers
DTZ Debenham Tie Leung Limited	Chartered professional surveyors and valuers
RSM Nelson Wheeler	Certified public accountants
Murayama CPA Office	Certified tax accountants
Entertainment Business Institute	Research and analysis services provider
Yano Research Institute Limited	Research and analysis services provider
RSM Nelson Wheeler Consulting Limited	Internal control consultant
AVISTA Valuation Advisory Limited	Valuation consultant
Censere Holdings Limited	Valuation consultant
Asuku Actuarial Office Inc.	Valuation consultant
DTZ Debenham Tie Leung K.K.	Valuation consultant

8. Consents of experts

Each of the experts referred to above has given and has not withdrawn its written consent to the issue of this Prospectus with inclusion of its report and/or letter and/or valuation certificate(s) and/or the references to its name in the form and context in which they are respectively included.

As of the Latest Practicable Date, none of the experts referred to above has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

9. Binding effect

This Prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

10. Miscellaneous**Except as disclosed in this Prospectus:**

- (a) within the two years immediately preceding the date of this Prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid for either cash or a consideration other than cash;
- (b) within the two years immediately preceding the date of this Prospectus, no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) within the two years immediately preceding the date of this Prospectus, no commissions, discounts, brokerages or other special terms has been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
- (d) since 31 March 2012 (being the date to which the latest audited consolidated financial statements of our Group were made up) there has not been any material adverse effect in the financial or trading position of our Group;
- (e) no founder, management or deferred shares or debentures of our Company or any of our subsidiaries have been issued or agreed to be issued;
- (f) all necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement;
- (g) no company within our Group is presently listed on any stock exchange or traded or any trading system;
- (h) there is no arrangement under which future dividends are waived or agreed to be waived;
- (i) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the twelve (12) months immediately preceding the date of this Prospectus; and
- (j) the register of members of our Company will be maintained in Hong Kong by the Share Registrar.

11. Bilingual Prospectus

The English language and Chinese language versions of this Prospectus are being published separately, in reliance upon the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).