HONG KONG LAWS AND REGULATIONS

Apart from the general rules and regulations in Hong Kong applicable to our Group, there is no specific regulatory framework in Hong Kong that governs the principal business provided by our Group, namely the Media Content Distribution Business and Brand Licensing Business. The following sets out the general rules and regulations in Hong Kong relating to and applicable to (A) the business operation of our Group; (B) the employment of our Group; and (C) our Group in terms of health and safety obligations towards its employees.

(A) Business operation of our Group

Trade Marks Ordinance (Chapter 559 of the laws of Hong Kong)

The Trade Marks Ordinance is a statute enacted to make provision in respect of the registration of trade marks and for connected matters. The Trade Marks Ordinance provides (amongst other things) that a person infringes a registered trade mark if the person uses in the course of trade or business a sign which is:

(a) identical to the trade mark in relation to goods or services which are identical to those for which it is registered;

(b) identical to the trade mark in relation to goods or services which are similar to those for which it is registered; and the use of the sign in relation to those goods or services is likely to cause confusion on the part of the public;

(c) similar to the trade mark in relation to goods or services which are identical or similar to those for which it is registered; and the use of the sign in relation to those goods or services is likely to cause confusion on the part of the public; or

(d) identical or similar in relation to goods or services which are not identical or similar to those for which the trade mark is registered; the trade mark is entitled to protection under the Paris Convention as a well-known trade mark; and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark.

Under the Trade Marks Ordinance, the owner of a trade mark is entitled to bring infringement proceedings against a person infringing his or her trade mark for damages, injunctions, accounts and any other relief available in law.

As at the Latest Practicable Date, our Group registered six trade marks in Hong Kong relating to our Group's business. Our Directors confirm that our Group did not receive any claim for trade mark infringement during the Track Record Period and up to the Latest Practicable Date. For further details of our Group's material intellectual property rights in Hong Kong, see "Appendix V – Statutory and general information – B. Further information about our business – 2. Intellectual property rights of our Group" in this document.

Copyright Ordinance (Chapter 528 of the laws of Hong Kong)

The Copyright Ordinance provides comprehensive protection for recognised categories of work such as literary, dramatic, musical and artistic works. Certain copyrights may subsist in the works created by our Group in relation to our Group's artistic works (such as artworks and photos) or literary works (such as text) that qualify for copyright protection without registration.

The Copyright Ordinance restricts certain acts such as copying and/or issuing or making available copies to the public of a copyright work without the authorisation from the copyright owner which, if done, constitutes infringement of copyright.

Inland Revenue Ordinance (Chapter 112 of the laws of Hong Kong)

The Inland Revenue Ordinance is an ordinance enacted for the purposes of imposing taxes on property, earnings and profits in Hong Kong.

The Inland Revenue Ordinance provides, among other things, that profits tax shall be charged on every person carrying on a trade, profession or business in Hong Kong in respect of his or her assessable profits arising in or derived from Hong Kong at the standard rate, which stood at 16.5% for corporate taxpayers as at the Latest Practicable Date. The Inland Revenue Ordinance also contains detailed provisions relating to, among other things, permissible deductions for outgoings and expenses, set-offs for losses and allowances for depreciation of capital assets.

(B) Employment of our Group

Employment Ordinance (Chapter 57 of the laws of Hong Kong)

The Employment Ordinance is the main piece of Hong Kong legislation governing conditions of employment in Hong Kong. It provides for the payment of wages, the restrictions on wages deductions, the granting of statutory holidays, and the termination of employment contract, among other things. In addition to these basic protections, employees who are employed under a continuous contract are further entitled to benefits such as rest days, paid annual leave, sickness allowance, severance and long service payment.

Minimum Wage Ordinance (Chapter 608 of the laws of Hong Kong)

The Minimum Wage Ordinance stipulates that an employee is entitled to be paid wages no less than the statutory minimum wage rate during the wage period. Currently, the statutory minimum hourly wage rate is HK$34.5. Any employment contract that purports to extinguish or reduce any right, benefit, or protection conferred on the employee by the Minimum Wage Ordinance is void. Failure to comply with the statutory minimum wage rate requirement constitutes an offence under the Employment Ordinance.

Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong)

The Mandatory Provident Fund Schemes Ordinance provides for the establishment of non-governmental mandatory provident funds ("**MPF**") schemes for members of the workforce for the purpose of accruing financial benefits on retirement, among other things.

Employers are required to enrol their employees (except for certain exempted persons) aged between at least 18 but under 65 years of age and employed for 60 days or more in a MPF scheme. Employers and employees are each required to make regular mandatory contributions of 5% of the employees' relevant income to the MPF scheme, subject to the minimum and maximum relevant income levels, which are currently HK$7,100 per month and HK$30,000 per month respectively, provided, however, that employees with a monthly relevant income less than HK$7,100 are exempt and only the employers are required to make contributions to the MPF scheme.

(C) Our Group's obligations towards employees in respect of health and safety

Occupational Safety and Health Ordinance (Chapter 509 of the laws of Hong Kong)

The Occupational Safety and Health Ordinance provides for the protection of health and safety of employees in workplaces, both industrial and non-industrial, and is therefore applicable to our Group's employees in general. Among other things, the employer must, as far as reasonably practicable, ensure the safety and health at work of all its employees by:

(a) providing and maintaining plant and work systems that are, so far as reasonably practicable, safe and without risks to health;

(b) making arrangements for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances;

(c) providing all necessary information, instruction, training and supervision to employees as may be necessary to ensure, so far as reasonably practicable, safety and health;

(d) as regards any workplace under the employer's control, maintaining the workplace in a condition that is safe and without risks to health and providing and maintaining means of access to and egress from the workplace that are safe and without risks to health; and

(e) providing and maintaining work environment that is, so far as reasonably practicable, safe and without risks to health.

Failure to comply with the above statutory duty constitutes an offence and the employer is liable on conviction to a fine of HK$200,000. An employer who fails to do so intentionally, knowingly, or recklessly commits an offence and is liable on conviction to a fine of HK$200,000 and to imprisonment for 6 months.

Occupiers Liability Ordinance (Chapter 314 of the laws of Hong Kong)

The Occupiers Liability Ordinance regulates the obligations of a person occupying or having control of premises on injury resulting to persons or damage caused to goods or other property lawfully on the land.

The Occupiers Liability Ordinance also imposes a common duty of care on an occupier of premises to take such care as in all the circumstances of the case is reasonable to see that the visitor will be reasonably safe in using the premises for the purposes for which he is invited or permitted by the occupier to be there.

Employees' Compensation Ordinance (Chapter 282 of the laws of Hong Kong)

The Employees' Compensation Ordinance establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases. The Employees' Compensation Ordinance in general applies to all full-time and part-time employees who are employed under a contract of service or apprenticeship in any employment. Employees who are injured while working outside Hong Kong are also covered if they are employed in Hong Kong by an employer carrying on business in Hong Kong.

Under section 40 of the Employees' Compensation Ordinance, all employers are required to take out insurance policies to cover their liabilities both under the Employees' Compensation Ordinance and at common law for injuries at work in respect of all their employees for an amount not less than the applicable prescribed amount. Currently, the applicable amount is HK$100 million per event where the number of employees in relation to whom the policy is in force does not exceed 200, and the applicable amount is HK$200 million per event where the number of employees in relation to whom the policy is in force exceeds 200. An employer who fails to comply with the compulsory insurance requirement commits an offence and is liable on conviction upon indictment to a level 6 fine (currently HK$100,000 and to imprisonment for 2 years.

The Employees' Compensation Ordinance provides for payment of compensation to employees who are injured in the course of employment. An employer is potentially liable to pay compensation in respect of personal injuries sustained by his employees by accident arising out of and in the course of employment, as well as in respect of total or partial incapacity or death of an employee resulting from occupational diseases.

THE PRC LAWS AND REGULATIONS

(A) Foreign investment

The establishment, operation and management of corporate entities in China are governed by the PRC Company Law (《中華人民共和國公司法》) (the "**PRC Company Law**") which was promulgated by the Standing Committee of the National People's Congress (the "**Standing Committee of the NPC**") on 29 December 1993 and became effective on 1 July 1994. It was subsequently amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013 and 26 October 2018. Pursuant to the PRC Company Law, companies are classified into limited liability companies and joint stock limited company. Foreign-invested companies, both limited liability companies and joint stock limited company, are also regulated by the PRC Company Law, except for where foreign investment related rules and regulations regulate otherwise.

The Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國外資企業法》) (the "**Wholly Foreign-owned Enterprise Law**") which was promulgated on 12 April 1986 and became effective on the same day, and was subsequently amended on 31 October 2000 and 3 September 2016, and the Implementation Regulations of the Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國外資企業法實施細則》) (the "**Implementation Regulations**") which was promulgated on 12 December 1990 and became effective on the same day, and was subsequently amended on 12 April 2001 and 19 February 2014 govern the establishment procedures, approval procedures, registered capital requirement, foreign exchange, accounting practices, taxation and labour issue of a wholly foreign-owned enterprise.

The PRC government directs the investment orientation of all types of enterprises in different industries within the territory of the PRC by means of formulating the Catalogues of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》) (the "**FI Catalogues**") and the Special Administrative Measures for Access of Foreign Investments (Negative List for Access of Foreign Investments) (《外商投資准入特別管理措施(負面清單》)) (the "**Negative List**"). The latest Catalogues of Industries for Guiding Foreign Investment (2017 Amendment) (外商投資產業指導目錄(2017年修訂)) was promulgated by the National Development and Reform Commission together with the Ministry of Commerce on 28 June 2017 and became effective on 28 July 2017, and the latest Special Administrative Measures for Access of Foreign Investments (Negative List for Access of Foreign Investments(2018 Version)) (《外商投資准入特別管理措施(負面清單)(2018修訂》)) was promulgated by the National Development and Reform Commission and the Ministry of Commerce on 28 June 2018 and became effective on 28 July 2018. The FI Catalogues and the Negative List divide industries into three categories: encouraged, restricted, prohibited and all industries not listed under one of these categories are deemed to be permitted.

On 15 March 2019, the Standing Committee of the NPC promulgated the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which will come into force as of 1 January 2020. Foreign Investment Law, upon taking effect, will repeal simultaneously the Law of the People's Republic of China on Sino-foreign Equity Joint Ventures, the Wholly Foreign-owned Enterprise Law and the Law of the People's Republic of China on Sino-foreign Cooperative Joint Ventures. Subject to the Foreign Investment Law, foreign invested enterprises may keep their original organizational forms for five years after the effectiveness of the Foreign Investment Law.

(B) Intellectual property

The Copyright Law of the PRC (《中華人民共和國著作權法》) (the "**Copyright Law**"), promulgated on 7 September 1990 and became effective on 1 June 1991, and was subsequently amended on 27 October 2001 and 26 February 2010, protects the author's copyright of their artistic works and copyright-related rights and interests. The Regulations for the Implementation of Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) was promulgated on 2 August 2002 by the State Council and became effective on 15 September 2002, and was subsequently amended on 8 January 2011 and 30 January 2013. According to the Copyright Law, the "work(s)" include engineering design drawings and product design drawings. Works of Chinese citizens, legal entities or other organisations, whether published or not, shall enjoy copyright in accordance with the Copyright Law. Unless otherwise provided in the Copyright Law, reproducing, distributing, performing, showing, broadcasting, compiling or communicating to the public on an information network a work created by another person, without the permission of the copyright owner, constitute the acts of infringement of the Copyright Law. The infringer shall bear civil liability for such remedies as ceasing the infringing act, eliminating the effects of the act, making an apology or paying damages, depending on the circumstances and may, if applicable, be subjected to such penalties as imposing a fine, confiscating unlawful income from the act, destroying infringing reproductions and confiscating other properties used for the relevant unlawful activities.

(C) Tax

Enterprise income tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the "**EIT Law**") which was promulgated on 16 March 2007 and became effective on 1 January 2008, and was subsequently amended on 24 February 2017 and 29 December 2018, respectively, and the Implementation Rules of Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), which was promulgated on 6 December 2007 and became effective on 1 January 2008, enterprises are classified as either resident enterprises or non-resident enterprises for tax purpose. Resident enterprises are enterprises which have been formed in the PRC in accordance with domestic law, or which have been formed in accordance with the law of a foreign country but which are actually under the control of institutions in the PRC. A resident enterprise must pay enterprise tax on its worldwide income a rate of 25%. A non-resident enterprise which has established agencies or offices in China shall pay enterprise income tax on its income earned by such agencies or offices from inside China, and its income

which is earned outside China but is actually associated with such agencies or offices, the rate of enterprise income tax is 25%. A non-resident enterprise which has not established agencies or offices in China, or which has established agencies or offices in China but whose income has no association with such agencies or offices shall pay enterprise income tax on its income earned from inside China, the rate of enterprise income tax is 10%.

The PRC and the government of Hong Kong entered into the Protocol IV to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排第四議定書》) (the "**Arrangement**") on 1 April 2015, which was made public on 9 March 2016. According to the Arrangement, 5% withholding tax rate shall apply to the dividends paid by a PRC company to a Hong Kong resident, provided that such Hong Kong resident directly holds at least 25% of the equity interests in the PRC company, and 10% shall apply if the Hong Kong resident holds less than 25% of the equity interests in a PRC company.

Pursuant to the Circular on Relevant Issues Relating to the Implementation of Dividend Provisions in Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》), which was promulgated by the State Administration of Taxation and became effective on 20 February 2009, all of the following requirements shall be satisfied where a fiscal resident of the other party to a tax agreement needs to be entitled to such tax agreement treatment as being taxed at a tax rate specified in the tax agreement for the dividends paid to it by a Chinese resident company: (i) such a fiscal resident who obtains dividends should be a company as provided in the tax agreement; (ii) owner's equity interests and voting shares of the Chinese resident company directly owned by such a fiscal resident reaches a specified percentage; and (iii) the equity interests of the Chinese resident company directly owned by such a fiscal resident, at any time during the twelve months prior to the obtainment of the dividends, reach a percentage specified in the tax agreement.

According to the Measures for the Administration of Non-Resident Taxpayers' Enjoyment of the Treatment under Tax Agreements (《非居民納稅人享受稅收協定待遇管理辦法》), which was promulgated by the State Administration of Taxation on 27 August 2015 and became effective on 1 November 2015 and latest revised on 15 June 2018, where a non-resident enterprise that receives dividends from a Chinese resident enterprise wishes to enjoy the favourable tax benefits under the tax arrangements shall submit related forms and materials to the competent tax authority.

Value-added tax

Organisations and individuals, who sell commodities, provide processing services, repair and replacement services, or import commodities within the territory of the PRC are subject to value-added tax (增值税) (the "**VAT**") in accordance with the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) (the "**Provisional Regulations on VAT**") which was promulgated by the State Council of the PRC (國務院) on 13 December 1993 and became effective on 1 January 1994, and was subsequently amended on 10 November 2008, 6 February 2016 and 19 November 2017, and the Implementation Rules of the Interim Regulations on Values-added Tax (《中華人民共和國增值稅暫行條例實施細

則》) which was promulgated by the Ministry of Finance of the PRC and became effective on 25 December 1993, and was subsequently amended on 15 December 2008 and 28 October 2011. The rate of the VAT is 17%, 11% or 6%, depending on the goods being sold. For taxpayers exporting goods, the tax rate is 0% except as otherwise stipulated by the State Council.

Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》), which was promulgated on 4 April 2018 and became effective on 1 May 2018, provides the tax rates of 17% and 11% applicable to any taxpayer's VAT taxable sale or import of goods shall be adjusted to 16% and 10%, respectively.

Foreign currency exchange

The principal regulation governing foreign currency exchange in the PRC is the Foreign Exchange Administration Rules of the PRC (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Administration Rules**") which was promulgated by the State Council of the PRC on 29 January 1996 and became effective on 1 April 1996, and subsequently amended on 14 January 1997 and 5 August 2008. Under these regulations, upon payment of the applicable taxes, foreign-invested enterprises may convert the dividends they receive in RMB into foreign currencies and remit such amounts outside the PRC through their foreign exchange bank accounts.

On 19 November 2012, the State Administration of Foreign Exchange (the "**SAFE**") promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) ("**SAFE Circular 59**"), which became effective on 17 December 2012, and was subsequently amended on 4 May 2015 and 10 Oct 2018 by the Notice by the State Administration of Foreign Exchange of Announcing the Repealing and Invalidation of Certain Regulatory Documents and Relevant Clauses on Foreign Exchange Administration. SAFE Circular 59 substantially amends and simplifies the current foreign exchange procedure. According to SAFE Circular 59, the opening of various special purpose foreign exchange accounts (e.g. pre-investment expenses account, foreign exchange capital account, asset realisation account, guarantee account) no longer requires SAFE's approval. Furthermore, multiple capital accounts for the same entity may be opened in different provinces. Reinvestment of lawful incomes derived by foreign investors in the PRC (e.g. profit, proceeds of equity transfer, capital reduction, liquidation and early repatriation of investment) no longer requires SAFE's approval or verification, and purchase and remittance of foreign exchange as a result of capital reduction, liquidation, early repatriation or share transfer in a foreign-invested enterprise no longer requires SAFE's approval.

On 30 March 2015, SAFE promulgated the Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) ("**SAFE Circular 19**"), which became effective on 1 June 2015. According to SAFE Circular 19, the foreign exchange capital of foreign-invested enterprises (the "**FIE**") shall be subject to

a discretional foreign exchange settlement (the "**Discretional Foreign Exchange Settlement**"). The Discretional Foreign Exchange Settlement refers to the foreign exchange capital in the capital account of an FIE for which the rights and interests of monetary contribution has been confirmed by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) and can be settled at the banks based on the actual operational needs of the FIE. The proportion of Discretional Foreign Exchange Settlement of the foreign exchange capital of an FIE is temporarily determined as 100%. RMB converted from a foreign exchange capital will be kept in a designated account and if an FIE needs to make further payment from such account, it still needs to provide supporting documents and go through the review process with the banks.

Pursuant to Circular on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**SAFE Circular 13**"), which was promulgated by SAFE on 13 February 2015 and became effective on 1 June 2015, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment will be directly reviewed and handled by banks in accordance with SAFE Circular 13, and SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks.

Labour and safety

According to the PRC Labour Law (《中華人民共和國勞動法》) promulgated on 5 July 1994 and became effective on 1 January 1995, and amended on 27 August 2009 and 29 December 2018, respectively, workers are entitled to fair employment, choice of occupation, labour remuneration, leave, a safe workplace, a sanitation system, social insurance and welfare and certain other rights. The working time for workers may not exceed eight hours a day and no more than 44 hours a week on average. Wages paid by employers may not be lower than the local minimum wage. Employers shall establish and improve their work safety and sanitation system, educate employees on safety and sanitation and provide employees with a working environment that meets the national work safety and sanitation standards.

According to the PRC Labour Contract Law (《中華人民共和國勞動合同法》) which was promulgated in 29 June 2007 and became effective on 1 January 2008, and amended in 28 December 2012, and its implementation regulations which was promulgated and became effective on 18 September 2008, labour contracts must be executed in writing to establish labour relationship between employers and employees. Employees who fulfil certain criteria, including having worked for the same employer for 10 years or more, may demand that the employer execute a permanent labour contract. Both employers and employees must perform their respective obligations stipulated in the labour contracts.

Pursuant to the PRC Social Insurance Law (《中華人民共和國社會保險法》) which was promulgated on 28 October 2010 and became effective on 1 July 2011, and latest revised on 29 December 2018, employers in the PRC must register with the relevant social insurance authority and make contributions to the pension insurance fund, basic medical insurance fund, unemployment insurance fund, maternity insurance fund and work-related injury insurance fund. Pursuant to the PRC Social Insurance Law, pension insurance, basic medical insurance

and unemployment insurance contributions must be paid by both employers and employees, while work-related injury insurance and maternity insurance contributions must be paid solely by employers. An employer must declare and make social insurance contributions in full and on time. The social insurance contributions payable by employees must be withheld and paid by employers on behalf of the employees. Employers who fail to register with the social insurance authority may be ordered to rectify the failure within a specific time period. If the employer fails to rectify the failure to register within a specified time period, a fine of one to three times the actual premium may be imposed. If the employer fails to make social insurance contributions on time and in full, the social insurance collecting agency shall order the employer to make up the shortfall within the prescribed time period and impose a late payment fee amounting to 0.05% of the unpaid amount for each day overdue. If the non-compliance continues, the employer may be subject to a fine ranging from one to three times the unpaid amount owed to the relevant administrative agency.

Pursuant to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) which was promulgated and became effective on 3 April 1999, and amended on 24 March 2002, a unit (including a foreign investment enterprise) shall undertake the registration with the administrative centre of housing provident funds and pay the funds for their staff. If an employer, in violation of the aforesaid regulations, fails to undertake registration or to open the housing provident funds account for its employees, the administrative centre of housing provident funds shall impose an order for completion within prescribed time limit, if such employer further fails to process within the aforesaid time limit, a fine may be imposed. On the other hand, if a unit, in violation of the aforesaid regulations, fails to pay or to fully pay the housing provident funds, the administrative centre of housing provident funds will impose an order for payment within a prescribed time limit, if such unit further fails to make payment within the aforesaid time limit, the centre shall have the right to apply for compulsory enforcement in court.

JAPAN LAWS AND REGULATIONS

(A) Corporate formation

Various laws and regulations in Japan govern the formation of a joint stock company (Kabushiki Kaisha). The following section sets out the general requirements for the incorporation of such a company.

Companies Act

Under the Companies Act, in order to set up the joint stock company, the constitutional documents of the corporation, i.e. the articles of incorporation ("**teikan**"), must first be prepared and executed by a promoter. There are matters to be included in the articles of incorporation such as business objectives or corporate name, and the articles of incorporation cannot be effectively executed if such information is missing. After preparation of the articles of incorporation, the articles of incorporation must be notarised by a notary public. The promoter must subscribe for at least one share among the shares to be issued upon the incorporation and make the contribution for shares subscribed by him/her without delay after subscription.

Registration of incorporation and notifications

The incorporation of the joint stock company is legally effective upon a registration of incorporation with the Legal Affairs Bureau. Such the registration must be applied for within two weeks from the date of the contribution made by the promoter.

Under the Japanese Foreign Exchange and Foreign Trade Act ("**FEFTA**"), notification of a share acquisition (10% or more of the total number of outstanding shares of the incorporated joint stock company) to the Bank of Japan is required by the fifteenth (15th) day of the following month of any purchase of shares. The incorporation of a joint stock company by a foreign investor commonly results in holding 100% shares of the joint stock company and it must comply with this notification requirement.

Additionally, if the joint stock company incorporated by the foreign investor conducts a business for national interests as specified by the schedule of the FEFTA, then separately from the aforementioned notification, a prior notification must be made within 6 months prior to the contemplated acquisition of shares.

After the incorporation of the joint stock company, certain notifications must be submitted to the relevant national and regional tax office, including notification as to the incorporation of a taxable entity and incorporation of a salary-paying office.

(B) Laws relating to our business

Under Japanese law, our Media Content Distribution Business and Brand Licensing Business is not regulated and does not require approvals, registrations or permissions from any Japanese governmental authorities for operation. To the extent that Japanese regulations would apply, they generally only apply to the provision of SVOD services in Japan and do not have extraterritorial effect. Accordingly, the provision of SVOD services using foreign servers and targeted at foreign customers, including in jurisdictions like Hong Kong and a business model similar to ours would not be captured by the relevant Japanese regulations discussed in this section. The following sets out the general rules and regulations in Japan most relevant to our business operations in Japan (extraterritoriality concerns notwithstanding).

Consumer protection regulations

Japan has several regulations related to consumer protection, and chief among them are (a) the Consumer Contract Act, (b) the Act on Specified Commercial Transactions and (c) the Act on Unjustifiable Premiums and Misleading Representations (together, the "**CPRs**"). In general, Japan's Consumer Affairs Agency is responsible for administering the CPRs and has general authority to investigate and provide guidance in the event of a breach of certain obligations under these CPRs. Breach of the CPRs could result in fines or imprisonment if the breach is serious. Importantly, however the CPRs only target transactions with Japanese consumers and transactions with consumers outside of Japan or at the B2B level are generally deemed out of scope. While SVOD services are provided only to consumers located outside of

Japan and our B2B Media Content Distribution Business and Brand Licensing Business is not consumer facing, these CPRs are not applicable to our current business model. Nevertheless, the following sets out the general obligations under each of the CPRs.

Consumer Contract Act ("**CCA**")

Among other things, the CCA governs consumer contracts between business operators and Japanese consumers and stipulates certain rights for Japanese consumers. For example, the CCA provides consumers with a right to rescind the contract if a business operator undertakes certain improper actions, such as making misrepresentations during the solicitation process prior to entering into the contract. In addition, "unfair" provisions which impair the interests of consumers are deemed void. The CCA would apply in any consumer facing transaction, however since our SVOD services are not Japanese consumer facing and the Media Content Distribution Business/Brand Licensing Business is primarily B2B in nature these regulations do not currently apply to our business model.

Act on Specified Commercial Transactions ("**SCTA**")

Among other things, the SCTA protects Japanese consumers from certain sales tactics which are deemed predatory and otherwise make consumers susceptible to making unwanted purchases as well as other sales methods which are likely to result in misunderstandings regarding the nature of the contractual obligations at issue in the transaction, the goods and services being purchased, or the payment amounts due. The SCTA thus primarily targets door-to-door sales, online sales, certain mail ordering solicitations, and telephone solicitations for regulation. The SCTA prohibits certain activities such as intimidating and confusing solicitations, and in order to better protect consumers from these predatory practices, the SCTA permits consumers to cancel the contract for any or no reason during a certain period after executing a contract as a result of certain foregoing activities. Since our SVOD services are not otherwise Japanese consumer-facing and our Media Content Distribution Business/Brand Licensing Business is primarily B2B in nature, the regulations of the SCTA do not currently apply to our business model.

Act against Unjustifiable Premiums and Misleading Representations ("**UPMRA**")

The UPMRA regulates the provision of premiums (i.e. economic benefits given to Japanese customers as an inducement to purchase a particular product) as well as misleading representations in connection with transactions with Japanese consumer in goods or services. The UPMRA aims to prevent consumers from buying poor quality or overpriced goods or services as a result of offers of extra incentives and additional services in lieu of lower prices or due to advertisements which represent that the goods or services at issue are better or more beneficial than in reality. Engaging in these activities, especially with regard to misleading representations, can result in significant administrative penalties. Since our SVOD services are not otherwise Japanese consumer-facing and Media Content Distribution Business/Brand Licensing Business is primarily B2B, the regulations of the UPMRA do not currently apply to our business model.

Telecommunications Business Act ("**TBA**")

Among other things, the TBA requires business operators providing intermediary telecommunications services for other parties to register with or provide notice to the relevant local office of the Ministry of Internal Affairs and Communications (the regulatory body tasked with supervising telecommunications service providers) depending on the scope and scale of the telecommunication business operations undertaken. The provision of telecommunications services without registration or notification is subject to imprisonment for a maximum of three (3) years and maximum fines of JPY two (2) million. However, this registration/notification requirement only applies to business operators who provide intermediary telecommunications services to others, and parties who only make use of such telecommunications services for their own business such as by providing their content on-line (e.g. SVOD services) and for communicating with their customers are not required to register themselves or provide notification to the regulator. Since we do not intermediate communications others with our SVOD services, our business would not be subject to this registration/notification requirement.

Japanese Copyright Act ("**JCA**")

Under the JCA, a copyright attaches to a work from the moment of creation and registration is not required. Since there is no publicly available register of copyright holders, the only method of confirming the chain of title for copyrighted material is to examine the relevant contracts to confirm ownership of the copyright and the legitimacy of any licensors and/or licensees. In addition to the creation of copyright itself, associated rights (such as the rights of performers, phonogram producers, broadcasters and wire diffusers) as well as moral rights of authors are also recognised under the JCA. Notably, however, there are no extraterritorial criminal penalty clauses under the JCA, which further limits the exposure of our company (even though as noted above, our general exposure to violations of copyright law would be minimal if non-existent due to our confidence in our licensing regimes).