COMPANY INFORMATION SHEET

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Company Name (stock code): 株式会社ダイナムジャパンホールディングス (DYNAM JAPAN HOLDINGS Co., Ltd.*) (6889)

Stock Short Name: DYNAM JAPAN

This information sheet is provided for the purpose of giving information to the public about 株式会社ダイナムジャパンホールディングス (DYNAM JAPAN HOLDINGS Co., Ltd.*) (the "**Company**") as at the date specified. The information does not purport to be a complete summary of information about the Company and/or its securities.

* *for identification purpose*

Responsibility statement

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

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

Summary Content

	Document Type	Date
A.	**Waivers**	
	Latest version	29 August 2022
B.	**Material Shareholders' Matters under Japanese Law**	
	Latest version	29 August 2022
C.	**Summary of our Articles of Incorporation, the Companies Act and Taxation in Japan**	
	Latest version	29 August 2022
D.	**Constitutional Documents**	
	Latest version (certified English transaction)	23 June 2022

Date of this information sheet: 29 August 2022

Unless the context requires otherwise, capitalised terms used herein shall have the meanings given to them in the Company's prospectus ("**Prospectus**") dated 24 July 2012 and references to sections of the Prospectus shall be construed accordingly.

A. WAIVERS

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

PUBLIC FLOAT REQUIREMENT

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

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

MANAGEMENT PRESENCE IN HONG KONG

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

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

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

b) The authorised representatives have means of contacting all of our Directors and Executive Officers promptly at all times for any matter as and when the Stock Exchange so wishes. To enhance communication between the Stock Exchange, the authorised representatives, our Directors and our Company, we have implemented a policy whereby: (i) each Director will have to provide his mobile phone number, office phone number, facsimile number and email address to the authorised representatives and (ii) in the event that a Director expects to travel or be out of the office, he will have to provide the phone number of the place of his/her accommodation to the authorised representatives. Further, for the convenience of communication, each Director will provide his respective mobile phone number, office phone number, email address and fax number to the Stock Exchange.

c) We have, in accordance with Rule 3A.19 of the Listing Rules, appointed Shenyin Wanguo Capital (H.K.) Limited and Piper Jaffray Asia Limited as our joint compliance advisers, who will, among other things, act as an additional channel of communication with the Stock Exchange.

d) Each of our Directors who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents allowing them to visit Hong Kong and would be able to meet with the Stock Exchange within a reasonable period.

The current authorised representatives are Mr. Kato and Mr. LEUNG Chi Kit and are an independent non-executive Director and a joint company secretary of the Company respectively.

COMPANY SECRETARY

Pursuant to Rule 8.17 of the Listing Rules, an issuer must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules. Rule 3.28 of the Listing Rules provides that an issuer must appoint as its company secretary an individual who, in the opinion of the Stock Exchange, is capable of discharging the functions of company secretary of the issuer by virtue of his or her academic or professional qualifications or relevant experience.

We have applied for, and the Stock Exchange has granted us, waivers from strict compliance with Rules 8.17 and 3.28 on the conditions that the Company will continue to engage Mr. LEUNG Chi Kit ("Mr. Leung"), the other existing joint company secretary of the Company who possesses the relevant professional qualifications of company secretary required under Rule 3.28 of the Listing Rules, to provide assistance to Mr. Atsushi NEGISHI ("Mr. Negishi") in discharging his duties as one of the joint company secretaries of the Company during the Waiver Period.

This waiver could be revoked if there are material breaches of the Listing Rules by the Company. Upon the expiry of the Waiver Period, the qualifications and experience of Mr. Negishi and the need for the ongoing assistance of Mr. Leung will be further evaluated by the Company, and the Company will then endeavour to demonstrate to the Stock Exchange's satisfaction that Mr. Negishi, having had the benefit of Mr. Leung's assistance, has acquired "relevant experience" within the meaning of Note 2 to Rule 3.28 such that a further waiver from Rule 3.28 of the Listing Rules will not be necessary.

ARTICLES OF OUR COMPANY

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

(i) our Company is subject to the Companies Act and other relevant applicable laws and regulations;

(ii) the differences between the provisions under Appendix 3 to the Listing Rules and our Articles of Incorporation are not considered material from the perspective of shareholder protection; and

(iii) a summary of the Companies Act and our Articles of Incorporation are disclosed in the Prospectus

Directors

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

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

B. Material Shareholders' Matters under Japanese Law

Our Company was incorporated as a stock company (*kabushiki-gaisha* 株式会社) in Japan under the Companies Act and our principal business activities are conducted in Japan. Our Company is therefore subject to the Companies Act and other applicable laws and regulations in Japan. The laws of Hong Kong differ in certain material respects from Japanese law. This section is a summary of certain Japanese law, relating to the ownership and transfer of Shares, corporate law, Shareholder rights and obligations, dividends and applicable withholding taxes, which, in the opinion of our Directors, are sufficiently material to bring to the attention of our Shareholders.

SHARE CERTIFICATES

Issuing Share certificates

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

Share certificate issuing companies

A share certificate issuing company has the following features:

(i) where the shares are freely transferable, issue of share certificates is mandatory;

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

(iii) where share certificates are issued, shares in a share certificate issuing company must be held in certificated form; and

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

Non-share certificate issuing companies

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

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

Our Share certificates arrangements

Our Company is a share certificate issuing company.

OWNERSHIP OF SHARES

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

General provisions under Japanese law

Generally speaking, Japanese law recognises a bearer of a share certificate as the legal and beneficial owner of the shares represented by such share certificate, whether or not that person's name appears on such share certificate. It is generally possible for the title to the shares of a Japanese company to be transferred by mere physical delivery of Share certificates evidencing such shares,

without the transferor or transferee signing any document evidencing such transfer. A transferee that acquired such share certificate from the transferor would obtain valid title to the relevant shares provided that he/she had no knowledge of any defect in the transferor's title and was not grossly negligent in not discovering such defect.

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

Exceptional circumstances of our Company

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

We issue Share certificates in registered form with the names and addresses of the Shareholders imprinted thereon. We do not register a bearer of a Share certificate whose name does not appear on the relevant Share certificate as a Shareholder in our share register unless and until he/she is able to present an instrument of transfer and/or a contract note duly stamped and executed by such bearer (as transferee) and the original Shareholder whose name appears on the relevant Share certificate and our share register (as transferor), as required under the Stamp Duty Ordinance.

Due to the absence of a relevant Japanese court precedent, it may be possible for a Shareholder to initiate legal proceedings in respect of our Share transfer procedures. Our Directors, however, believe that the likelihood of such legal proceedings arising is limited, given that:

(i) our Shareholders' obligations to comply with the Stamp Duty Ordinance are likely to be upheld in a Japanese court as a reasonable ground to reject a transfer applicant who failed to fulfil such obligations;

(ii) as in the case of most companies listed on the Stock Exchange, it is expected that a substantial majority of our potential investors will choose to hold their investments through CCASS; and

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

Safe-keeping your Share certificates

Potential investors who elect to physically possess (either personally or through a third party on their behalf) our Share certificates run the risks of an unauthorised third party coming into possession of such Share certificates and requiring our Company in a Japanese court to register him/her as a Shareholder in our share register.

Holding your investments through CCASS

CCASS Beneficial Owners will not physically possess the Share certificates, and will not be subject to the risks associated therewith.

CCASS Beneficial Owners will not be recognised as Shareholders under the Companies Act and the entitlement of the economic benefits and Shareholders' rights associated with their investments will depend on their respective arrangements with CCASS and/or their respective securities brokers, as well as the procedures and operational rules of CCASS.

Surrendering your Share certificates

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

Eligibility of Share certificate surrender

Any Shareholder whose name appears on our share register and is imprinted on the relevant Share certificate may surrender a Share certificate with their name imprinted thereon. Bearers of our Share certificates wishing to surrender such Share certificates must first register themselves as a Shareholder in our share register.

Procedures for Share certificate surrender

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

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

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

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

Procedures for Share certificate re-issue

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

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

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

Implications of Share certificate re-issue

According to Rule 13.59 of the Listing Rules, our Company or our Share Registrar must provide a standard registration service in accordance with Rule 13.60(1). Rule 13.60(1) provides that our Company shall (or shall procure our Share Registrar to) issue definitive certificates following a registration of a transfer or cancellation, division, consolidation or issue (otherwise than pursuant to

Rule 13.50(5)) of certificates within ten business days of the receipt of a duly executed instrument of transfer or the relevant certificates. Our Share Registrar will re-issue Share certificates as soon as practicable but the process may be subject to a waiting period of up to six business days from the day of receipt of the requested documents set out above.

Arrangements with HKSCC Nominees

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

TRANSFER OF SHARES

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

Under Japanese law, title to the Shares of a Japanese company can be transferred by mere physical delivery of Share certificates evidencing such Shares but such title will not be perfect unless and until the transferee registers himself/herself as a Shareholder in our share register. No person shall be entitled to Shareholders' rights such as voting rights and rights to receive dividends unless his/her name appears in the our share register. Any person who seeks to be registered as a Shareholder in our share register must follow the procedures set forth below.

Shareholders holding in their own names and outside CCASS

Applying through our Share Registrar

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

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

The procedures and documentation required by our Share Registrar will generally be the same as those adopted by most companies listed on the Stock Exchange. All transfer forms and standard transfer forms must be signed by the applicant (as transferee) and the record Shareholder whose name appears on the relevant Share certificate and our share register (as transferor).

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

Applying through our Company's headquarters

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

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

All instruments of transfer and/or contract notes must be signed by the applicant (as transferee) and the record Shareholder whose name appears on the relevant Share certificate and our share register (as transferor) as required under the Stamp Duty Ordinance. It is the responsibility of the applicant to contact the record Shareholder to obtain the requisite signature(s) before making an application to us. If an applicant cannot locate the record Shareholder to sign on the relevant instrument of transfer and/or contract note, or if the record Shareholder refuses to sign on the same, the relevant application will not be processed by our Company or Share Registrar. For multiple transfers, a separate instrument of transfer and/or contract note is required for each transfer.

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

Stamp Duty Ordinance requirements

We only maintain one share register which is situated in Hong Kong. All Shares in our share capital will be considered as Hong Kong stock under the Stamp Duty Ordinance and the transfer of such Shares will be subject to the stamping and documentary requirements thereunder. Accordingly, we will not register a bearer of our Share certificate as a Shareholder in our share register unless and until he/she is able to fulfil the following Stamp Duty Ordinance requirements:

> *Any person who effects any sale and purchase of our Shares as principal or agent shall, in general:*
>
> *(i) make and execute a contract note and cause the same to be stamped by, and the corresponding stamp duty be paid to, the Inland Revenue Department; and*
>
> *(ii) cause an endorsement to be made on the instrument of transfer of the Shares in our Company, or cause a stamp certificate to be issued in respect of such instrument, to the effect that the stamp duty has been paid on the contract note in (i) above.*

These general requirements are subject to certain exceptions under the Stamp Duty Ordinance under limited circumstances. In particular, where a party to a transaction involving the Shares is not a resident in Hong Kong, the transferee (or its agent) will be solely liable for stamp duty payment and the relevant instrument (instead of the contract note) would be the only document required to be stamped. ***No person will be registered as a Shareholder (and hence become entitled to rights associated therewith) unless a duly stamped and executed instrument of transfer and/or contract note is presented to us.*** .

CCASS Beneficial Owners

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

LOST/DESTROYED SHARE CERTIFICATES

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

There are significant risks associated with the loss or destruction of a Share certificate. Shareholders who lose their Share certificates run the risk of an unauthorised third party coming into possession of such Share certificates and requiring our Company in a Japanese court to register him/her as a Shareholder in our share register. **CCASS Beneficial Owners are not subject to the risks associated with physical possession of Share certificates.**

Consequences for lost/destroyed Share certificates

Shareholders whose Share certificates are lost or destroyed are required to apply to register such

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

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

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

We are required under the Companies Act to cancel a lost/destroyed registration if the lost/ destroyed Share certificate has been recovered and presented to our Share Registrar.

General procedures for applying for a lost/destroyed registration

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

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

Procedures applicable to record Shareholders

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

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

- identity proof.

A replacement Share certificate will be issued after the one-year waiting period. However, no replacement Share certificate will be issued if the lost/destroyed registration is cancelled during the one-year waiting period.

Procedures applicable to unregistered owners

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

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

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

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

Applications for lost/destroyed registration lodged by unregistered owners will not be accepted without a duly executed and stamped instrument of transfer and/or contract note as required under the Stamp Duty Ordinance. A replacement Share certificate will be issued in the name of the unregistered owner after the one-year waiting period if the documentary requirements set forth above have been fulfilled. However, no replacement Share certificate will be issued if the lost/destroyed registration is cancelled during the one-year waiting period. Upon receipt of an application for lost/destroyed registration from an unregistered owner, our Company is required under Japanese law to notify the record Shareholder of the relevant details so as to give the latter an opportunity to assert his/her title to the Shares. In case of misfeasance or misrepresentation, the record Shareholder may cancel the lost/destroyed registration during the one-year waiting period by presenting the relevant Share certificate (where available) to our Share Registrar or initiate legal proceedings. All notifications will be made in writing to the record Shareholder's registered address as recorded in our share register.

Cancellation of lost/destroyed registration

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

Consequences of cancelled lost/destroyed registrations

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

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

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

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

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

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

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

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

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

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

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

SHARE REGISTER

Entries on the share register

We have appointed our Share Registrar as our sole share registrar in Hong Kong. Our Share Registrar shall be responsible for the customary share registrar duties as required under the Listing Rules. The share register maintained by our Share Registrar in Hong Kong is the only share register of our Company as recognised under Japanese law.

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

Inspection of the share register

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

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

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

(i) where a request is made for a purpose other than in relation to securing or exercising rights as a Shareholder or creditor;

(ii) where a request is made for the purpose to interfere with our business operation or to damage the interests of Shareholders as a whole;

(iii) where the person making a request is carrying on, or is engaged in, a business substantially in competition with our business;

(iv) where a request is made to inform, in exchange for payment, a third party of any fact that could not have been obtained other than from an inspection (including copying); and

(v) where a person making a request has informed, in exchange for payment, a third party of any fact that could not have been obtained other than from an inspection (including copying) during the last two years.

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

(i) the inspection of the share register is based on laws and regulations;

(ii) the inspection of the share register is necessary for the protection of the life, body, or property of an individual and if it is difficult to obtain the consent of the person who is the subject of the inquiry;

(iii) the inspection of the share register is necessary for improving public health or promoting the sound growth of children and if it is difficult to obtain the consent of the person who is the subject of the inquiry; or

(iv) the inspection of the share register is necessary for cooperating with a state organ, a local government, or an individual or a business operator entrusted by one in executing the affairs prescribed by laws and regulations and if obtaining the consent of the person who is the subject of the inquiry is likely to impede the execution of such affairs.

CCASS Beneficial Owners are not recognised under the Companies Act as Shareholders of our Company. Hence, CCASS Beneficial Owners may not inspect our share register unless allowed under the Personal Data Act in the circumstances set out in (i) to (iv) above.

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

PLEDGE OF SHARES

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

STAMP DUTY

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

Japanese stamp duty

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

DIVIDENDS

Record date for distributing dividends

The Articles of Incorporation of our Company provide that the record date for determining Shareholders entitled to receive dividends or other distributions, if declared by our Company, is specified by the Company. If any dividend or distribution is declared by our Company, there is a time gap between the date of payment of the relevant dividend or distribution and the record date for determining Shareholders entitled to receive dividends or other distributions. Shareholders who have

acquired the Shares in our Company after the record date may not be entitled to receive the relevant dividends or distributions.

Restrictions on dividend distributions

Our Company may declare and pay, in accordance with the Companies Act and our Articles of Incorporation, (i) interim cash dividends with the approval of our Board of Directors and (ii) other dividends (including year-end dividends) with the approval of our Board of Directors (unless such dividend is proposed to be paid in kind (other than Shares, bonds (including convertible bonds) and share option issued by our Company, which the Companies Act prohibits) without giving Shareholders the right to demand distribution in cash, in which case a special Shareholders' resolution would be required). Scrip dividends in the form of Shares, bonds (including convertible bonds) or share options issued by our Company are prohibited under the Companies Act. The amount or value of any dividends declared may not exceed the available Distributable Amount.

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

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

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

Currency of dividend payments

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

Company of the aggregate amount in Japanese yen and Hong Kong dollars to be paid to our Shareholders. Dividend payments in Hong Kong dollars will be paid by our Share Registrar to the relevant Shareholders upon receipt of the requisite funds from our Company, whereas dividend payments in Japanese yen will be directly paid by our Company.

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

Japanese withholding tax for dividend payments

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

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

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

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

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

CCASS Beneficial Owners

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

However, due to the inherent characteristics of CCASS, our Company is not able to ascertain the identity, and consequently the tax residence, of the CCASS Beneficial Owners. Our Company is

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

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

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

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

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

The Hong Kong-Japan Tax Treaty

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

Shareholders who hold in their own names and outside CCASS

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

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

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

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

Non-Japanese CCASS Beneficial Owners

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

Japanese resident CCASS Beneficial Owners

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

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

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

SHAREHOLDER RIGHTS AND OBLIGATIONS

Shareholder rights

Subject to certain conditions and qualifications set out in the Companies Act, Shareholders have the right to (i) inspect or copy statutory documents including our share register, Articles of

Incorporation, minutes of meetings, accounting books and financial statements; (ii) table matters or proposals to the agenda for consideration at a Shareholders' meeting and in the convocation notice; (iii) require our Directors to offer explanations in response to questions raised at Shareholders' meetings; (iv) receive distributions of dividends; (v) receive distributions of surplus assets in a liquidation; and (vi) be registered as a Shareholder in the share register of our Company.

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

(i) demand that the issue of new Shares or share options be suspended;

(ii) demand that summary mergers (*kani-gappei tou* 簡易合併等) (in cases where the Company is a surviving company) be suspended. Summary mergers are mergers where Shareholders' approval is not required under the Companies Act;

(iii) bring judicial action to invalidate certain corporate actions, such as changing a place of incorporation, issue of new Shares, reduction of share capital, and mergers and acquisitions;

(iv) bring judicial action to render invalid the issue of new Shares, the disposition of treasury Shares or the issue of new share options as made without valid corporate authority;

(v) bring judicial action to confirm the invalidity of a resolution at a Shareholders' meeting or class meeting;

(vi) bring judicial action to cancel a resolution at a Shareholders' meeting or class meeting;

(vii) bring judicial action to pursue the liability of Directors (provided that such Shareholders have continuously held Shares in our Company for the six months preceding such court action);

(viii) demand suspension of acts in violation of laws and our Articles of Incorporation by our Directors (provided that such Shareholders have continuously held Shares in our Company for the six months preceding such demand);

(ix) petition for appointment of an inspector to investigate the convocation of and approval of resolutions passed at a Shareholders' meeting (provided that, such Shareholders have held at least 1% of the total voting rights in the Company for the preceding six months);

(x) demand convocation of a Shareholders' meeting (provided that such Shareholders hold, as at the time of request, at least 3% of the total voting rights in our Company);

(xi) bring judicial action to dismiss Directors (provided that such Shareholders have held at least 3% of the total voting rights in our Company (excluding Shares held by certain persons such as any Director proposed to be dismissed) in our Company for the preceding six months preceding such litigation); and

(xii) petition a court to dissolve our Company based upon certain prescribed grounds such as the Chief Executive Officer continuously violating criminal laws despite a written warning from the Ministry of Justice (provided that such Shareholders hold at least 10% of the entire issued share capital or the total voting rights in our Company as at the time of request).

CCASS Beneficial Owners

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

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

Issue of Shares, stock acquisition rights or convertible bonds

Under our Articles of Incorporation, if our Company intends to issue any Share or share option

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

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

Under our Articles of Incorporation, our Board of Directors may be entrusted with the power to issue and allot Shares by way of a general mandate granted by our Shareholder via an ordinary resolution. Under Japanese law, the general mandate is not enforceable when (i) an issue or allotment of Shares to a third party is proposed on terms and conditions especially favourable to such third party (in which case a special resolution from our Shareholders is required); or (ii) after an allotment, issue, or dealing in the Shares pursuant to the general mandate, our entire issued share capital exceeded or would exceed the maximum number of Shares authorised to be issued by our Company (currently 2,520,000,000 Shares under our Articles of Incorporation).

Alternative proposals

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

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

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

Voting by proxies

Under our Articles of Incorporation, any Shareholder of our Company entitled to attend and vote at a Shareholders' meeting of our Company is entitled to appoint another person as his proxy to attend and vote on behalf of him. A Shareholder (including nominee companies such as HKSCC Nominees) who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at a Shareholders' meeting of our Company or at a class meeting. A proxy

needs not be a Shareholder of the Company and there is no limitation nor restriction in respect of the qualification and identity of the proxies and/or corporate representatives to be appointed by our Shareholders. A proxy shall be entitled to exercise the same powers on behalf of a Shareholder who is an individual and for whom he acts as a proxy as such Shareholder could exercise provided that he/she can present to our Company identity proof and authorisation letters duly executed by the record Shareholder (in case of an individual Shareholder) or an authorised corporate representative (in case of a corporate Shareholder) to prove his/her authority. In addition, a proxy shall be entitled to exercise the same powers on behalf of a Shareholder which is a corporation and for which he acts as a proxy as such Shareholder could exercise if it were an individual Shareholder. Votes may be given either personally (or, in case of a corporate Shareholder, by its duly authorised corporate representative) or by proxy.

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

Ability of Shareholder to cast votes in different ways

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

SHARE REPURCHASE

The Companies Act provides that a Japanese company may acquire its own shares pursuant to a Shareholders' meeting. Under the Companies Act, the total book value of the Shares paid to the relevant Shareholders pursuant to the exercise of the repurchase mandate shall not exceed the Distributable Amount of our Company as at the date of repurchase. Repurchases by our Company pursuant to the repurchase mandate must be conducted through market transactions, etc. (shijo torihiki tou 市場取引等).

SHAREHOLDERS' MEETING

Pursuant to our Articles of Incorporation, the Company may specify the record date for our Shareholders' meetings. The Company announces the record date at least 14 days prior to the proposed record date. A record date is the date for determining the list of eligible Shareholders entitled to vote at our Shareholders' meeting.

Under the Companies Act, an annual Shareholders' meeting must be held within three months from the record date.

Shareholders who acquire our Shares after the record date may not be entitled to attend and vote at the relevant Shareholders' meeting.

C. Summary of Articles of Incorporation, the Companies Act and Taxation in Japan

This section sets out a summary of certain provisions of the Articles of Incorporation of our Company. As the information contained below is in summary form, it does not contain all the information that may be important to potential investors.

Our Company was incorporated with limited liability in Japan as a stock company (*kabushiki-gaisha* 株式会社) on 20 September 2011. Our Articles of Incorporation comprise our Company's constitution. The liabilities of shareholder(s) of a stock company are generally limited to the extent of their investment in a company. The provisions normally set out in the memorandum and articles of association of a Hong Kong incorporated company are generally speaking either contained in a Japanese company's articles of incorporation or stipulated in the Companies Act.

1. ARTICLES OF INCORPORATION

The initial Articles of Incorporation of our Company were adopted on 20 September 2011. See "D. Constitutional Documents" for the latest version of our Articles of Incorporation. The following is a summary of certain key provisions of our Articles of Incorporation.

(a) Purposes

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

(b) Directors

(i) Power to allot and issue Shares

Under our Articles of Incorporation, the number of Shares authorised to be issued by our Company is 2,520,000,000 Shares.

Shares may be issued and allotted to any party by ordinary resolution of the Shareholders, except that, in the circumstances where an issue or allotment of the Shares to a third party is proposed on terms and conditions especially favourable to such third party, a special resolution of the Shareholders will be required under the Companies Act. Under our Articles of Incorporation, our Board of Directors may be entrusted with the power to issue and allot Shares by way of a general mandate granted by our Shareholders via an ordinary resolution.

Under Japanese law, the general mandate to allot, issue and deal with Shares is not enforceable when (i) an issue or allotment of Shares to a third party is proposed on terms and conditions especially favourable to such third party (in which case a special resolution of the Shareholders is required); or (ii) after an allotment, issue, or dealings in the Shares pursuant to the general mandate, our entire issued share capital exceeded or would exceed the maximum number of Shares authorised to be issued by our Company (currently 2,520,000,000 Shares under our Articles of Incorporation).

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

There is no specific provision in our Articles of Incorporation relating to the power to dispose of the assets of our Company or any of our subsidiaries.

Under the Companies Act, an Executive Officer may be authorised by our Board of Directors to determine and execute the disposal of our Company's assets. Neither our Directors nor our Board of the Directors of our Company have the power to dispose of any assets of any subsidiary of our Company.

(iii) Compensation or payments to Directors for loss of office

There is no specific provision in our Articles of Incorporation relating to compensation or payments to Directors for loss of office. Under the Companies Act, a Director dismissed by an ordinary resolution of our Shareholders shall be entitled to demand damages arising from the dismissal from our Company, except in cases where there are justifiable grounds for such dismissal.

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

Under the Companies Act, loans and the giving of securities for loans to directors are not prohibited. There are, however, provisions in our Articles of Incorporation prohibiting the making of loans or provision of security for loans to our Directors unless such loans or security for loans are permitted under the Companies Act and the Companies Ordinance (as if our Company were a public company incorporated in Hong Kong).

(v) Financial assistance to purchase shares of our Company

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

(vi) Disclosure of interests in contracts with our Company or any of our subsidiaries

Under our Articles of Incorporation, our Directors are required to refrain from voting on resolutions in respect of transactions in which they or their associates have a material interest unless permitted under the Companies Act and Listing Rules.

Under the Companies Act, if a Director is interested in any contract to be entered into by our Company, disclosure to our Board of Directors of all material information regarding the transaction is required.

(vii) Compensation

Under our Articles of Incorporation, the amount of compensation of our Directors shall be determined by the remuneration committee of our Company.

(viii) Appointment and removal

Our Directors are appointed (for a term of one calendar year) or dismissed on an annual basis at our annual Shareholders' meeting in accordance with our Articles of Incorporation and the Companies Act. Pursuant to our Articles of Incorporation, our Company shall have not more than twelve Directors. The cumulative voting system for the election of Directors is excluded and the term of office of a Director will end at the close of an annual Shareholders' meeting unless such Director is re-elected.

(ix) Proceedings of Directors

In accordance with our Articles of Incorporation, a Director (elected in advance by the Board of Directors) shall convene a meeting of our Board of Directors and shall act as the chairperson of the meeting. Notice of the convocation of a meeting of our Board of Directors shall be sent to each Director at least three days prior to the scheduled date of such meeting; however, such period may be shortened under extenuating circumstances, and the notice period may be waived upon the consent of all Directors.

A resolution of our Board of Directors shall be made by a majority of Directors present at a meeting where the majority of Directors entitled to vote are present. The procedures of

our Board of Directors follow the regulations of our Board of Directors, which is a set of internal rules commonly adopted by Japanese companies, in addition to the Companies Act.

(x) Qualification shares

There is no specific provisions in our Articles of Incorporation or the Companies Act relating to qualification shares. In order to be appointed as a Director, our Directors are not required to hold any Share in our Company.

(xi) Remuneration

Under the Companies Act, the amount of remuneration payable to our Directors shall be determined by our remuneration committee.

(xii) Retirement

There is no provision under the Companies Act relating to the retirement of Directors upon reaching any age limit.

(c) Nomination committee, audit committee and remuneration committee

In accordance with our Articles of Incorporation, our Company is a company with nomination committee, etc., which is defined in the Companies Act as any stock company which has a nomination committee, an audit committee and a remuneration committee (the "Three Committees"), each of which consists of not less than three Directors. Each member of the Three Committees will be appointed and dismissed by resolution of our Board of Directors. The matters with respect to each of the Three Committees are provided in the Companies Act or the terms of reference of the Three Committees or otherwise determined by our Board of Directors.

Under our Articles of Incorporation, the composition of the Three Committees shall, from time to time, comply with the requirements of the Companies Act and the Listing Rules.

(d) Executive Officers

(i) Requirement to appoint Executive Officers

Under the Companies Act, a company with the nomination committee, etc. shall have one or more Executive Officer(s).

(ii) Duties of Executive Officers

Under the Companies Act, the Executive Officers shall perform the following duties:

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

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

(iii) Number and appointment

Under our Articles of Incorporation, our Company shall have not more than ten Executive Officers. All of our Executive Officers shall be appointed by the Board of Directors.

(iv) Duration

Under our Articles of Incorporation, the term of office of an Executive Officer shall end at the closure of the Board meeting that immediately follows the closure of the last annual

Shareholders' meeting with respect to the financial year ending within one year from appointment.

(v) Chief Executive Officer (daihyo shikkoyaku 代表執行役)

Under our Articles of Incorporation, our Chief Executive Officer shall be appointed by our Board of Directors. Also, our Company may have, but not required to have, through resolution by our Board of Directors, one president Executive Officer, several members of vice president Executive Officer(s), senior Executive Officer(s) and operation Executive Officer(s). The power, duties and other relevant matters with respect to our Executive Officers may be determined by our Board of Directors.

(vi) Compensation

The compensation of the Executive Officer shall be determined by the remuneration committee of our Company.

(vii) Borrowing powers

There is no specific provision in our Articles of Incorporation on our Company's borrowing powers. Under the Companies Act, an Executive Officer may be authorised by our Board of Directors to determine and execute borrowings, including borrowings of a large amount.

(viii) Exemption of Executive Officers

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

(e) Alterations to constitutive documents

There is no specific provision in our Articles of Incorporation on amendments to our Articles of Incorporation. Our Company may amend our Articles of Incorporation by way of a special resolution passed at a Shareholders' meeting in accordance with the Companies Act.

(f) Alterations of capital

There is no specific provision in the Articles of Incorporation concerning alterations of our share capital. Share capital is increased upon issue of Shares and may be reduced by, in principle, a special resolution at a Shareholders' meeting and subject to certain requirements under the Companies Act.

(g) Variation of rights of existing Shares or classes of Shares

The Companies Act requires a company incorporated in Japan to amend its articles of incorporation in order to change the rights of existing ordinary shares or to issue new classes of shares. If there is more than one class of Shares, our Articles of Incorporation provide that the quorum for a separate class meeting to consider a variation of the rights of that class of Shares shall be the holders of majority of the issued Shares of that class, unless a greater majority is required under the Companies Act or the Listing Rules.

(h) Voting rights and right to demand a poll

There is no specific provision in our Articles of Incorporation on voting rights. Our Shareholders have one vote per Share pursuant to the Companies Act. The counting of the voting rights by a show of hand (i.e. one person one vote) is not allowed under the Companies Act.

The method of voting is not restricted under the Companies Act, and the chairperson generally may decide the voting method unless a resolution to adopt another voting method is made at the Shareholders' meeting.

(i) Requirements for annual Shareholders' meetings

In accordance with our Articles of Incorporation, our Company is required to convene an annual Shareholders' meeting within three months from the day immediately following the end of each financial year.

The annual Shareholders' meeting of our Company shall be convened by a resolution of our Board of Directors in accordance with our Articles of Incorporation. Unless otherwise required under applicable laws, a Director who is determined in advance by the Board of Directors shall convene the Shareholders' meeting and a director or executive officer who is determined in advance by the Board of Directors shall act as the chairperson thereat. Convocation notice of an annual Shareholders' meeting will be despatched to the Shareholders at least 21 days prior to the meeting. Our Company also take measures for the electronic provision of information contained in reference materials for shareholders' meetings, etc.

Our annual Shareholders' meeting is usually held in Japan every June. According to our Articles of Incorporation, the record date for determining the Shareholders who are entitled to attend and vote at an annual Shareholders' meeting may be specified by the Board of Directors.

Shareholders who are unable to attend the annual Shareholders' meetings will be able to vote by proxies following the procedures set out in "B. Material Shareholders' Matters under Japanese Law — Shareholder rights and obligations — Voting by proxies". Details as to the location and logistics arrangements of each annual Shareholders' meeting for Shareholders who are unable to attend in person will be announced in their respective convocation notices.

(j) Accounts and audit

There is no specific provision in our Articles of Incorporation on accounts and audit. Our Company prepares financial statements and other documents in accordance with the requirements under Companies Act.

(k) Notices of Shareholders meetings and business to be conducted thereat

Our Articles of Incorporation provides that our Company shall send a notice of convocation of Shareholders' meeting to each Shareholder no later than 21 days prior to the date of such Shareholders' meeting.

(l) Transfer of Shares

Our Articles of Incorporation provides that all Shares in our share capital shall be freely transferrable.

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

Our Company may repurchase the Shares in accordance with the requirements under the Companies Act. Under the Companies Act, the total book value of the monies paid to the relevant Shareholders pursuant to the exercise of the general mandate to repurchase Shares shall not exceed the Distributable Amount of our Company as at the date of repurchase.

The Companies Act provides that a company may acquire its own Shares pursuant to a Shareholders' resolution. Our Articles of Incorporation also permits the repurchase of Shares through market transactions, etc. (*shijo torihiki tou* 市場取引等) by a Board of resolution. Such power, however, is subject to certain restrictions and any applicable requirement under the Listing Rules and Japanese law. Our Board of Directors will, under all circumstances, exercise the

Repurchase Mandate only to the extent allowed under all applicable laws and regulations in Hong Kong and Japan, including but not limited to the Listing Rules and the Companies Act.

Under our Articles of Incorporation, for any transaction between our Company and any party, any action by our Company, or any matter, in each case, that is required to be subject a resolution at a Shareholders' meeting under the Listing Rules or Takeovers Code, as the case may be, such transaction, action or matter shall not be taken to have passed unless the quorum and resolution ratio requirements prescribed under both the Companies and the Listing Rules or Takeovers Code (as the case may be) are satisfied.

Hence, for so long as a share repurchase is required to be approved by the Shareholders under the Listing Rules or the Takeovers Code (as the case may be), our Company may not repurchase the Shares unless the requirements under the Companies Act, the Listing Rules and the Share Repurchase Code of the Takeovers Code are complied with.

(n) Power of any subsidiary to own securities in our Company

There is no specific provision in our Articles of Incorporation on any of our subsidiaries holding the Shares. Our subsidiaries may not acquire the Shares, subject to certain exceptions, such as acquisitions through statutory transactions governed by the Companies Act. Under the Companies Act, if any of our subsidiaries acquires the Shares through any such statutory transaction, it would not be entitled to vote at any Shareholders' meeting and is required to dispose of the acquired Shares as soon as reasonably practicable.

(o) Dividends and other methods of distribution

In accordance with our Articles of Incorporation and the Companies Act, our Company is entitled to pay out dividends from our Distributable Amount which shall be determined in principle by a resolution passed at a Board of Directors, and unless otherwise required under the Companies Act, such matters shall not be determined at the Shareholders' meeting.

In accordance with our Articles of Incorporation, our Company is released from any obligation to pay dividends which have not been claimed after the lapse of six full years from the date of declaration. Further, in accordance with our Articles of Incorporation, the record date for the payment of dividends may be specified by the Board of Directors.

(p) Proxies

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

We generally require the Shareholders to submit their written votes, proxy forms and/or authorisation letters appointing corporate representatives and/or proxies by close of business on the business day immediately preceding the date of a Shareholders' meeting. Detailed

requirements will be set out in the convocation notice of each Shareholders' meeting, which will be published on the Stock Exchange's website and our Company's website.

(q) Calls on shares and forfeiture of shares

There is no specific provision in our Articles of Incorporation on calls on shares and forfeiture of Shares. Under the Companies Act, our Company cannot issue partially paid Shares, and therefore, our Company cannot make a call upon the Shareholders to pay any money unpaid on the Shares held by them. Pursuant to the Companies Act, a special Shareholders' resolution is required if our Company wishes to merge or conduct other structural changes to our Company that may entail the forfeiture of any Shares in our Company. In order to protect minority Shareholders, the Companies Act provides that in general, any Shareholder who objects to such special Shareholders' resolution is entitled to receive monetary compensation equivalent to the fair market value of such forfeited Shares from our Company.

(r) Inspection of register of members

Shareholders and creditors of our Company are entitled to inspect and make a copy of our share register during the business hours of our Company by giving reasons (which cannot be for an improper purpose) pursuant to the Companies Act. Any person who is not a Shareholder or creditor of our Company may also inspect our share register to the extent allowed under the Personal Data Act. See "B. Material Shareholders' Matters under Japanese Law — Share register".

(s) Inspection of register of Directors

There is no concept of a register of directors under Japanese law. However, the names of Directors are registered with the relevant authorities in Japan in accordance with the Companies Act, and anyone can review and obtain certified copies of our commercial registration certificate (which shows the names of Directors) issued by such authorities.

(t) Quorum for meetings and separate class meetings

Under the Companies Act, a quorum shall be deemed to be present where Shareholders holding a majority of voting Shares are present in a Shareholders' meeting.

Our Articles of Incorporation provide that where there is more than one class of Shares, the quorum for a separate class meeting to consider a variation of the rights of that class of Shares shall be the holders of majority of the issued Shares of that class in accordance with the Companies Act, unless a greater majority is required under the Companies Act or the Listing Rules.

Under our Articles of Incorporation, for any transaction between our Company and any party, any action by our Company, or any matter, in each case, that is required to be subject a resolution at a Shareholders' meeting under the Listing Rules or Takeovers Code, as the case may be, such transaction, action or matter shall not be taken to have passed unless the quorum and resolution ratio requirements prescribed under both the Companies and the Listing Rules or Takeovers Code (as the case may be) are satisfied. Where a Shareholder is, under the Listing Rules or Takeovers Code (as the case may be), required to abstain from voting on any particular resolution or restricted to voting only for or against any particular resolution, then the resolution regarding the subject transaction, action or matter must be carried by such number of votes that would have satisfied both the quorum and resolution ratio requirements under the Companies Act and the independent Shareholders' approval requirements under the Listing Rules or Takeovers Code (as the case may be), provided that, for the purpose of satisfying the independent Shareholders' approval requirements under the Listing Rules or Takeovers Code (as the case may be), the number of votes that should be counted shall be in accordance with the relevant requirements set forth in the Listing Rules or the Takeovers Code (as the case may be).

In other words, the above voting mechanism would mean that we would need to count the votes twice to ensure that the requirements under the Companies Act and the Listing Rules or Takeovers Code (as the case may be) are satisfied. Our Directors would first count the number of

Shareholders' approval in accordance with the quorum and resolution ratio requirements under the Companies Act, followed by a second counting in accordance with the relevant requirements set forth in the Listing Rules or Takeovers Code (as the case may be). If any of the requisite requirements are not satisfied, the relevant resolution would be taken not to have been approved in a Shareholders' meeting.

To further protect the interests of our minority Shareholders, our Articles of Incorporations also provides that for any transaction that is required to be subject to a resolution at a Shareholders' meeting under the Listing Rules or Takeovers Code (as the case may be), the completion of such transaction shall not take place unless our Board of Directors or its relevant committee passes a resolution after the Shareholders' meeting to confirm that the requisite Shareholders' approval requirement under the Listing Rules or Takeovers Code (as the case may be) has been obtained. This provision shall be made known, by a Director or Executive Officer, to the counter party(ies) in, and be made a condition precedent of, such transaction prior to entering into any binding agreement.

(u) Rights of the minorities in relation to fraud or oppression

There is no specific provision in our Articles of Incorporation on specific minority Shareholders' rights. Certain rights of minority Shareholders such as rights for demanding that the Directors call a Shareholders' meeting, rights to demand that the Directors include certain matters in the agenda of a Shareholders' meeting, and rights to demand that the Directors notify Shareholders of the summary of the proposals to be presented at a Shareholders' meeting, are provided under the Companies Act.

(v) Procedures on liquidation

There is no specific provision in our Articles of Incorporation on liquidation. Procedures on liquidation are provided under the Companies Act.

(w) Untraceable members

Under our Articles of Incorporation, where notices or demands from our Company do not reach a Shareholder for five consecutive years or more, our Company shall no longer be required to give notices or issue demands to such Shareholder under the Companies Act, unless where a notice or demand from our Company is returned undelivered, our Company shall thereafter no longer be required to give notices or issue demands to such Shareholder under the Companies Act.

(x) Accounting auditor

In accordance with our Articles of Incorporation, the accounting auditor shall be appointed by the Shareholders. The duration of duty of the accounting auditor shall end at the closure of the annual Shareholders' meeting held with respect to the last financial year ending within one year from such appointment. The accounting auditor shall be deemed to be re-appointed unless otherwise resolved in such Shareholders' meeting. Our Board of Directors may exempt the accounting auditor from their liabilities for negligence in their duties under the Companies Act by way of a Board resolution to the extent allowed under the Companies Act, except where they were grossly negligence or have acted with intention.

(y) Other key provisions

In addition to the provisions described above, our Articles of Incorporation provide, among other things, the following:

(i) Method of public notice

Our Company is entitled to distribute our public notices electronically, although our Company must publish an announcement in the Nihon Keizai Shimbun newspaper in the

event that such electronic distribution is impossible.

(ii) Record date for voting at the annual Shareholders' meetings

The Board of Directors specifies the record date and treats a Shareholder who is stated or recorded in the share register and who holds voting right(s) on the record date as a Shareholder who is entitled to exercise his rights as a Shareholder at the relevant annual Shareholders' meeting.

(iii) Financial year

The financial year of our Company commences on 1 April of each year and ends on 31 March of the next year.

2. JAPANESE CORPORATION LAW

Our Company was incorporated as a stock company (*kabushiki-gaisha* 株式会社) in Japan and is subject to the Companies Act. The Companies Act sets out the legal basis of a stock company and provides for substantive laws and procedural matters with which a stock company must comply, including matters relating to its establishment, conduct of business, powers of the management and supervisory boards, share capital, the rights and obligations of shareholders and the dissolution. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies Act and taxation, which may differ from equivalent provisions in jurisdictions with which potential investors may be more familiar with:

(a) Categories of companies

(i) Stock companies and partnership-type companies

Under the Companies Act, companies are categorised into stock companies (*kabushiki-gaisha* 株式会社) and partnership-type companies (*mochibun-gaisha* 持分会社):

A partnership-type company is a generic concept comprising the so-called personal companies (*jinteki gaisha* 人的会社), such as a partnership company (*gomei-gaisha* 合名会社), a limited partnership company (*goshi-gaisha* 合資会社) and a limited liability company (*godo-gaisha* 合同会社). Our Company was incorporated as a stock company (*kabushiki-gaisha* 株式会社) and descriptions in this section are principally regarding a stock company (*kabushiki-gaisha* 株式会社).

(ii) Public or non-public companies

Under the Companies Act, companies are categorised into public or non-public companies, and large or other companies:

A public company (*kokai gaisha* 公開会社) is defined as a company whose articles of incorporation do not require the approval of the company for the transfer of any share of one or more classes of the company's stock. On the other hand, a non-public company (*kabushiki joto seigen gaisha* 株式譲渡制限会社) is a company where regarding each class of stock issued by it, transfer of any share is restricted under the articles of incorporation. Given that there is no restriction on the transfer of our Shares, our Company is classified as a public company under the Companies Act.

(iii) Large companies

Companies whose balance sheet for the most recent fiscal year shows a capital of ¥500 million or more, or total liabilities of ¥20 billion or more are defined under the Companies Act as large companies (*daigaisha* 大会社). Our Company is classified as a large company.

(iv) Corporate governance

Under the Companies Act, a company may select several types of corporate governance structures. Our Company is a company with nomination committee, etc. (*shimei iinkai tou secchi gaisha* 指名委員会等設置会社).

(b) Share capital

(i) Share capital

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

(ii) Share certificates

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

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

(iii) Transfer of shares

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

Transfer of shares in a share certificate issuing company shall not become effective unless the share certificates representing such shares are physically delivered; however, this shall not apply to the transfer of shares arising out of the disposition of treasury shares. The subscriber for treasury shares in a share certificate issuing company shall become the shareholder of such shares on the day when the subscriber has paid consideration for such shares. The transfer of shares in a share certificate issuing company shall not be perfect unless the name and address of the person who acquires those shares is stated or recorded in the share register.

(iv) Classes of shares

The Companies Act permits a company to issue shares with specified rights that are not associated with all shares. Classes of shares permitted under the Companies Act include shares with rights in respect of the following matters:

(a) payment of dividends;
(b) distribution on liquidation;
(c) restriction on voting rights;
(d) restriction on share transfer;
(e) appointment of officers at a shareholders' meeting of a certain class; and
(f) matters to be approved at a shareholders' meeting of a certain class as well as a general shareholders' meeting.

In addition to the above, the following types of shares are recognised as permissible classes of shares under the Companies act:

(a) shares with the right to claim for repurchase (*shutoku seikyuken-tsuki kabushiki* 取得請求権付株式);
(b) shares with repurchase clauses (*shutoku joko-tsuki kabushiki* 取得条項付株式); and
(c) shares with clauses to repurchase all shares of a certain class (*zenbu shutoku joko-tsuki kabushiki* 全部取得条項付株式).

Shares with the right to claim for repurchase (*shutoku seikyuken-tsuki kabushiki* 取得請求権付株式) are shares with respect to which the shareholders have put options exercisable against the company. In the event such options are exercised, the company may deliver bonds, share acquisition rights, bonds with share acquisition rights, shares or other assets as consideration, as specified in such company's articles of incorporation. Shares with repurchase clauses (*shutoku joko-tsuki kabushiki* 取得条項付株式) are shares with respect to which a company has call options exercisable against the shareholders when a certain trigger event occurs. Similarly, in the event such options are exercised, the company may deliver bonds, share acquisition rights, bonds with share acquisition rights, shares or other assets as consideration, as specified in its articles of incorporation. Shares with clauses to repurchase all shares of a certain kind are shares with respect to which a company has options to purchase all the shares of a certain class (*zenbu shutoku joko-tsuki kabushiki* 全部取得条項付株式) by a special resolution of a shareholders' meeting.

In order to issue classes of shares, the details and the number of such shares as can be issued need to be specified in the articles of incorporation. Our Company only has one class of Shares (ordinary Shares).

(v) Unit Share System

Shareholders have, in principle, one vote per share. However, if a company adopts a unit share system, a vote is given not to each share, but to a unit of shares specified under its articles of incorporation. Under the Companies Act, one unit of shares cannot exceed 1,000 shares. Shareholders who hold shares below a unit are entitled to require the company to repurchase these shares. Our Company does not adopt a unit share system.

(vi) Rights of existing shares

Shareholders (excluding (i) a shareholder who is prescribed as an entity in a relationship that may allow the company to have substantial control of such entity through the holding of one quarter or more of the votes of all shareholders of such entity or other reasons, (ii) the company itself in respect of the treasury stock, (iii) a shareholder who has less than one share unit, (iv) a class shareholder whose class shares do not carry voting rights and (v) a shareholder whose shares are to be repurchased pursuant to Paragraph 3 of Article 140, Paragraph 4 of Article 160 and Paragraph 2 of Article 175 of the Companies Act) have one vote per share. Exercise of voting rights by a proxy is permitted under the Companies Act.

To alter the rights of existing shares, a company is required to amend its articles of incorporation, which requires a special resolution of the shareholders.

(vii) Stock split, gratuitous allocation of stock and reverse stock split

A company may at any time split shares in issue into a greater number by a resolution of the board of directors. Under our Articles of Incorporation, stock splits must be approved by our Shareholders by way of an ordinary resolution.

Under the Companies Act, a company may allot any class of shares to the company's existing shareholders without any additional contribution by a board resolution, or gratuitous allocation, provided that any such gratuitous allocation will not accrue to any

treasury stock. Under our Articles of Incorporation, Shares may be issued and allotted to any party by an ordinary resolution of the Shareholders, except in the circumstances where an allotment or issue of Shares to a third party is proposed on terms and conditions especially favourable to such third party, in which case a special resolution of the Shareholders will be required under the Companies Act. Under our Articles of Incorporation, our Board of Directors may be entrusted with the power to issue and allot Shares by way of a general mandate granted by our Shareholders via an ordinary resolution.

Under Japanese law, the general mandate is not enforceable when (i) an allotment or issue of Shares to a third party is proposed on terms and conditions especially favourable to such third party (in which case a special resolution of the Shareholders is required); or (ii) after an allotment, issue, or dealings in the Shares pursuant to the general mandate, our entire issued share capital exceeded or would exceed the maximum number of Shares authorised to be issued by our Company, which is 2,520,000,000 Shares under our Articles of Incorporation.

A company may at any time consolidate its shares into a smaller number of shares by a special resolution at a Shareholders' meeting.

(viii) Share acquisition rights (Shinkabu yoyakuken 新株予約権*) ('SAR')*

The Companies Act defines a SAR as a right upon the exercise of which the holder is entitled to receive shares of the issuing company.

SARs do not need to be combined with bonds. It is possible to grant SARs on their own as well as in combination with other financial products.

In order to offer a SAR, certain details need to be approved by a special resolution of the shareholders, including: (i) its details and number; (ii) whether it is issued in a gratuitous manner or not; and (iii) if not, the amount of payment or the method of its calculation, etc.

If SARs are issued in a gratuitous manner and they comprise an especially favourable term to the subscriber, or if the issue price is especially favourable to the subscriber, the board of directors must explain the rationale behind the issue of SARs in the said manner at a shareholders' meeting. Where SARs are proposed to be issued in a gratuitous manner, with an especially favourable term to the subscriber, or with an issue price that is especially favourable to the subscriber, such issue must be approved by a special resolution of the shareholders.

SARs may be issued to the existing shareholders with or without consideration. In such cases, shareholders are entitled to subscribe to the SARs pro-rata to their shareholding.

(ix) Reduction of share capital

A special resolution of the shareholders is required for reduction of share capital. However, where the share capital is reduced in order to cover the deficit at the annual Shareholders' meeting, an ordinary resolution of the shareholders will suffice.

A company must follow certain procedures to protect its creditors' interests when reducing its share capital. A company must publicise the proposed reduction and inform creditors of their entitlement and allow a fixed objection period of no less than one month in the official gazette. The company also must individually notify every known creditor, but this requirement can be exempted under certain circumstances.

(x) Shares held by subsidiaries

Subsidiaries may not acquire shares of their parent company, subject to certain exceptions such as acquisition through certain mergers and acquisitions transactions, acquisitions without consideration, and acquisitions as distribution of surplus from a

company other than the parent company. When a subsidiary acquires shares of its parent company pursuant to such exceptions, it is not entitled to vote at any shareholders' meeting and is required to dispose of them at an appropriate time.

(xi) Untraceable shareholders

The Companies Act provides that where notices have not reached a shareholder for five consecutive years and the shareholders of such shares have not received dividends of surplus for five consecutive years, the company shall be entitled to sell or auction the shares of such a shareholder. In exercising this right, a company is required to make a public notice and make a demand to a shareholder or a registered pledgee of shares seeking no objection at least three months prior to such sale or auction.

(c) Financial assistance to purchase shares of a company or its holding company

There is no specific restriction under the Companies Act on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Under our Articles of Incorporation, our Company may not provide financial assistance to another person for the purpose of, or in connection with, a purchase made or to be made by any person of any Shares in our Company, unless permitted under the Companies Act and the Companies Ordinance (as if our Company were a listed company incorporated in Hong Kong).

(d) Purchase of shares by a company

Shares can be purchased from shareholders with their consent (i) from the market, (ii) from all shareholders, or (iii) from a specific shareholder.

With respect to case (i) above, companies with a board of directors may, if the articles of incorporation allow, repurchase shares from the market with a board resolution. If the shares are repurchased from all shareholders (case (ii) above), an ordinary resolution of the shareholders is sufficient. If shares are repurchased from specific shareholder (case (iii) above), a special resolution of the Shareholders is required. In case (iii) above, the name of this such specific shareholder is required to be disclosed and approved at a shareholders' meeting. Subject to certain exceptions, other shareholders are entitled to demand the relevant company to repurchase their shares in the same manner.

The source of funds for carrying out the share repurchase is restricted to the Distributable Amount as defined in the paragraphs headed ''— Japanese Corporation Law — (e) Dividends and distribution — (i) Restriction on distribution of dividends'' below.

The Companies Act provides that a company may acquire its own Shares pursuant to a Shareholders' resolution. Our Articles of Incorporation also permits the repurchase of Shares through market transactions, etc. (*shijo torihiki tou* 市場取引等) by a Board of resolution. Such power, however, is subject to certain restrictions and any applicable requirement under the Listing Rules and Japanese law. Our Board of Directors will, under all circumstances, exercise the Repurchase Mandate only to the extent allowed under all applicable laws and regulations in Hong Kong and Japan, including but not limited to the Listing Rules and the Companies Act.

Under our Articles of Incorporation, for any transaction between our Company and any party, any action by our Company, or any matter, in each case, that is required to be subject a resolution at a Shareholders' meeting under the Listing Rules or Takeovers Code, as the case may be, such transaction, action or matter shall not be taken to have passed unless the quorum and resolution ratio requirements prescribed under both the Companies and the Listing Rules or Takeovers Code (as the case may be) are satisfied.

Hence, for so long as a share repurchase is required to be approved by the Shareholders under the Listing Rules or the Takeovers Code (as the case may be), our Company may not

repurchase the Shares unless the requirements under the Companies Act, the Listing Rules and the Share Repurchase Code of the Takeovers Code are complied with.

(e) Dividends and distributions

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

Under the Companies Act, Shares, bonds (including convertible bonds) and share option issued by our Company are prohibited from being distributed as dividend and interim dividend can only be distributed as cash. Scrip dividends in the form of Shares, bonds (including convertible bonds) or share option issued by our Company are prohibited under the Companies Act.

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

(i) Restriction on distribution of dividends

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

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

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

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

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

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

For the purpose of (b) above, an extraordinary financial statement of a company is (aa) a balance sheet of such company as at the extraordinary account closing date, which is a particular date in the current financial year designated at the discretion of such company; and (bb) a profit and loss statement of such company for the period commencing from the first date of the current financial year and ending on the extraordinary account closing date. Under Japanese law, a company may opt to, but is not required under any circumstances to, prepare extraordinary financial statements, especially when such company wishes to know its financial status at a particular point of the current financial year.

For indicative purposes, our Company's annual report incorporating financial statements (or a summary financial report) prepared in accordance with IFRS will include the Distributable Amount as at the end of the fiscal year.

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

I. the aggregate of other capital surplus and other retained earnings at the end of the last financial year;

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

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

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

V. in the event that a company cancels treasury stock after the end of the last financial year, the book value of such treasury stock;

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

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

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

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

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

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

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

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

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

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

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

(f) Protection of minority shareholders

(i) Rights to demand that directors to call a shareholders' meeting

Under the Companies Act, shareholders holding shares consecutively for the preceding six months or more (or, where a shorter period is prescribed in the articles of incorporation, that period or more) representing not less than 3% (or, where a lesser proportion is prescribed in the articles of incorporation, that prescribed proportion) of the votes of all shareholders may demand that the directors call a shareholders' meeting, by illustrating the matters which shall be the purpose of the shareholders' meeting (limited to matters on which the Shareholders may exercise their votes) and providing the reason for the calling of the Shareholders' meeting. Our Articles of Incorporation removed the said six months' consecutive ownership requirement. As such, all Shareholders who are interested in, as at the time of the demand, 3% or more of the votes of all Shareholders may demand the Directors to convene a Shareholders' meeting in the procedures prescribed above.

In cases where (i) the calling procedure is not effected without delay after the demand stated above is made; or where (ii) a notice is not despatched for the calling of the shareholders' meeting which designates, as the day of the shareholders' meeting, a day falling within the period of eight weeks (or, where any period less than that is provided for in the articles of incorporation, that period) from the day of the demand, the shareholders who made the demand may proceed to call the shareholders' meeting with the court's permission.

(ii) Rights to demand that directors add certain matters to the agenda of a shareholders' meeting

At a company with board of directors, only shareholders holding consecutively for the preceding six months or more (or, where a shorter period is prescribed in the articles of incorporation, that period or more) not less than 1% (or, where a lesser proportion is prescribed in the articles of incorporation, that proportion) of the votes of all shareholders or not less than 300 (or, where a lesser number is prescribed in the articles of incorporation, that number) votes of all shareholders may demand that the directors include certain matters in the agenda of the shareholders' meeting. In those cases, that demand shall be submitted no later than eight weeks (or, where a shorter period is prescribed in the articles of incorporation, that prescribed period) prior to the day of the shareholders' meeting. Our Articles of Incorporation removed the said six-month consecutive ownership requirement. As such, any Shareholder interested in, as at the time of request, 1% of the votes of all Shareholders, may demand the Directors to include certain matters in the agenda of our Shareholders' meetings.

(iii) Rights to demand that directors include a proposal in a convocation notice

Shareholders may demand that the directors, no later than eight weeks (or, where any period less than that is prescribed in the articles of incorporation, that prescribed period) prior to the day of the shareholders' meeting, notify shareholders of the summary of the proposals which the demanding shareholders intend to submit with respect to the matters that are the purpose of the shareholders' meeting; however, for a company with board of directors, only shareholders holding consecutively for the preceding six months or more (or, where a shorter period is prescribed in the articles of incorporation, that period or more) not less than 1% (or, where a lesser proportion is prescribed in the articles of incorporation, that proportion) of the votes of all shareholders or not less than 300 (or, where a lesser number is prescribed in the articles of incorporation, that prescribed number) votes of all shareholders may make the demand. Our Articles of Incorporation removed the said six-month consecutive ownership requirement. As such, any Shareholder interested in, as at the time of request, 1% of the votes of all Shareholders may demand the Directors to include a proposal in the convocation notices of our Shareholders' meetings.

(iv) Derivative action

In a derivative action, shareholders are allowed to pursue the liability of directors vis-à-vis the company on its behalf. In addition to the recovery of the loss to the company, this system also functions as a deterrent against negligence of duties and wrongdoings by directors and other officers of the company. A shareholder who has held a share for six months or more (or, where a shorter period is prescribed in the articles of incorporation, that period or more) before taking action is entitled to require the company, in writing, to initiate an action to pursue the liability of directors, accounting adviser, statutory auditors, senior executive officers, accounting auditors, incorporators, directors and statutory auditors in the establishment procedure, and liquidators. However, if the action is intended for the unjust benefit of the plaintiff shareholder, or a third party, or to cause damage to the company, this does not apply. If the company does not take any action within sixty days of the request, the shareholder who made the request is entitled to initiate an action in pursuit of liability of the above people. If, by waiting sixty days, there is a likelihood of irrecoverable loss caused to the company, the shareholder may initiate an action straight away.

Liability of directors can be capped (i) by a resolution of the general shareholders' meeting after the incident, or (ii) by the articles of incorporation in advance. However, if shareholders holding not less than 3% (or, where a lesser proportion is prescribed in the articles of incorporation, that prescribed proportion) of the votes of all shareholders (excluding officers subject to the liability) state objections to such a cap during a specified period of time, the company shall not effect the exemption pursuant to those provisions of the articles of incorporation.

(v) Compulsory acquisitions

Under Japanese law, there is no specific provision as to the circumstances under which minority Shareholders may be brought out of our Company or may require an offeror to buy out their interests in our Company after a successful takeover or share repurchase. However, our Japan Legal Adviser confirmed that this can be accomplished in the following manner:

(a) Buying out of minority Shareholders

Under the Companies Act, there is no specific provision for buying out or compulsory acquisition of Shares from minority Shareholders. However, our Company may adopt certain measures to buy out the minority Shareholders from our Company, including:

(1) conversion of Shares into class Shares subject to a class-wide call pursuant to which only fractional Shares are provided to minority Shareholders upon our Company exercising its call (as a result, minority Shareholders can only receive cash);

(2) a merger pursuant to which Shares of the surviving (or consolidated) company is not provided to any Shareholders of the dissolving company or only fractional shares of the surviving (or consolidated) company are provided to all minority Shareholders (as a result, minority Shareholders can only receive cash);

(3) a statutory share exchange pursuant to which no shares of the wholly-owing parent company is provided to all minority shareholders of the wholly-owned subsidiary (as a result, minority Shareholders can only receive cash);

(4) a statutory share transfer pursuant to which no shares of the wholly-owing parent company is provided to any minority shareholders of the wholly-owned subsidiary or only fractional shares of the wholly-owning parent are provided to all minority shareholders of the wholly-owned subsidiary (as a result, minority Shareholders can only receive cash); and

(5) a consolidation of Shares pursuant to which only fractional Shares are provided to all minority Shareholders (as a result, minority Shareholders can only receive cash).

In general, according to the Companies Act, each of the above measures may require a special resolution of a Shareholders' meeting, approved by two-third of the votes cast at such Shareholders' meeting at which Shareholders holding at least one-third of the total voting rights in our Company are present.

Further, there is no restriction in relation to the acquisition price in any transaction set forth under items (1), (2), (3) and (4) above. However, the Companies Act provides dissenting Shareholders with right to receive monetary compensation calculated based on the fair value of our Company's Shares if they dissent to any transaction set forth under items (1), (2), (3) and (4) above prior to the relevant Shareholders' meeting and

actually vote against the relevant resolution of a transaction at the Shareholders' meeting.

(b) Rights of minority Shareholders to request for a compulsory acquisition

Under the Companies Ordinance, in case of a successful takeover, minority shareholders have the right to require the person conducting the takeover to acquire Shares held by such minority Shareholders if they have not accepted the takeover offer before the expiry of the offer. There is no equivalent provision under Japanese law. However, a Shareholder may, under the Companies Act, force our Company to repurchase his/her Shares at a fair price following a merger or business transfer, provided that such Shareholder (i) has informed our Company his objection to such merger or business transfer prior to the Shareholders' meeting approving the relevant merger or business transfer; and (ii) has voted against such merger or business transfer at the relevant Shareholders' meeting.

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

(a) the introduction of restrictions on share transfers;
(b) the introduction of a condition that permits our Company to force Shareholders to sell the Shares to our Company;
(c) in case the following transactions are determined for a certain class of Shares without resolution of corresponding class Shareholders' meeting:
  (1) consolidation of Shares or splitting of Shares;
  (2) allotment of Shares without contribution;
  (3) amendment to the Articles on the share unit;
  (4) certain solicitation of persons to subscribe for the Shares of our Company;
  (5) certain solicitation of persons to subscribe for the share options; and
  (6) allotment of share options without contribution.

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

(g) Management

(i) The shareholders' meeting

The shareholders' meeting is empowered to decide upon matters provided for in the Companies Act as well as all matters concerning the organisation, management, administration, etc. of a company. There are two types of the shareholders' meeting: extraordinary shareholders' meeting and annual shareholders' meeting. In companies with a board of directors, the shareholders' meeting is empowered to decide only upon matters provided for in the Companies Act and in the articles of incorporation. A company is required to convene an annual shareholders' meeting within a defined period of time after the end of each financial year.

Under our Articles of Incorporation, notice of convocation of a shareholders' meeting setting forth the time, place, purpose thereof and certain other matters set forth in the Companies Act and relevant ordinances, together with business report and financial results must be mailed to each shareholder having voting rights at least 21 days prior to the date set for such meeting pursuant to the Listing Rules. Such notice may be given to the

Shareholders by electronic means, subject to the consent of the relevant Shareholders, pursuant to the Listing Rules.

There are three types of resolution: an ordinary resolution (*futsu ketsugi* 普通決議), a special resolution (*tokubetsu ketsugi* 特別決議), and a qualified special resolution (*tokushu ketsugi* 特殊決議).

(a) Ordinary resolutions

An ordinary resolution shall be passed by a majority of the votes cast at a Shareholders' meeting at which shareholders representing more than half of the total voting rights in our Company need to be present. Quorum can be set by the articles of incorporation. For a resolution to appoint or dismiss directors, statutory auditors, etc., even by the articles of incorporation, the quorum cannot be set below one third.

(b) Special resolutions

A special resolution shall be made by two thirds (where a higher proportion is provided for in the articles of incorporation, that proportion) or more of the votes cast at a Shareholders' meeting where the shareholders representing more than half of the total voting rights in our Company are present. A special resolution is required in certain matters, including:

- reverse stock split;
- issue of new shares on terms and conditions that are especially favourable;
- issue of share acquisition rights at a particularly favourable subscription price or particularly favourable conditions;
- distribution of dividend in kind (other than Shares, bonds (including convertible bonds) and share options issued/granted by our Company, which the Companies Act prohibits) without giving shareholders the rights to demand distribution in cash;
- acquisition at any time within two years after the incorporation of the company of assets that existed prior to such incorporation and which continue to be used for its business (*jigo-setsuritsu* 事後設立);
- merger;
- corporate split;
- share exchange (*kabushiki-kokan* 株式交換) and share transfer (*kabushiki iten* 株式移転);
- transfer of the entire business or a significant part of the business; and
- dissolution of the company.

(c) Qualified special resolutions

Under the Companies Act and the Articles of Incorporation, there are matters that require resolution of the Shareholders that is more stringent than a special resolution. With respect to resolutions for matters described below, the approval of both (i) 50% or more of the Shareholders who are entitled to exercise their voting rights at a Shareholders' meeting; and (ii) two thirds or more of the votes of such Shareholders is required:

- amendment to the Articles of Incorporation, as a result of which any or all of the Shares of the Company is restricted and requires the approval of the Board of Directors;
- approval of an absorption-type (*kyushu gappei* 吸収合併) merger by which the Company would be dissolved or of a statutory share exchange by which the Company would become a wholly-owned subsidiary, where the Company does not restrict transfer of its Shares and all or part of the consideration paid to the Shareholders consist of Shares with transfer restrictions; and
- approval of a incorporation-type merger (*shinsetsu gappei* 新設合併) by which the Company would be dissolved or of a statutory share transfer by which the

Company would become a wholly-owned subsidiary, where the Company does not restrict transfer of its Shares and all or part of the consideration paid to the Shareholders consist of Shares with transfer restrictions.

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

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

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

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

(d) Resolutions that require unanimous Shareholders' approval

There are also cases where unanimous Shareholders' approval is required:

- full exemption from certain type of liability of a Director, accounting auditors and Executive Officer;
- establishment of, or amendments to, a provision in the Articles of Incorporation that would give the Company the right to redeem all Shares of the Company if the Articles of Incorporation does not permit issuance of more than one class of Shares;
- establishment of, or amendment to, a provision in the Articles of Incorporation prohibiting Shareholders from requesting the Company to include them among Shareholders from whom the Company has determined to repurchase Shares;
- convocation of a Shareholders' meeting without sending a convocation notice to Shareholders;
- passing a written resolution without convening a Shareholders' meeting; and
- conversion into another type of company.

Under our Articles of Incorporation, for any transaction between our Company and any party, any action by our Company, or any matter, in each case, that is required to be subject a resolution at a Shareholders' meeting under the Listing Rules or Takeovers Code, as the case may be, such transaction, action or matter shall not be taken to have passed unless the quorum and resolution ratio requirements prescribed under both the Companies Act and the Listing Rules or Takeovers Code (as the case may be) are satisfied. Any Shareholders' resolution shall where so required under the Listing Rules or Takeovers Code (as the case may be) be approved in a manner that satisfies not only the above requirements under the Companies Act, but also the requirements under the Listing Rules or Takeovers Code (as the case may be).

(ii) Directors and the board of directors

It is mandatory for each company to have a director. In companies with three committees, there must be a board of directors consisting of at least three directors. Certain persons such as a juridical person may not become a director of a company. However, a

public company (which our Company is one) may not limit the qualifications of directors by requiring such directors to be one of its shareholders. Directors are appointed and dismissed at the general shareholders' meeting. Shareholders representing more than half of the total voting rights (this quorum can be lowered by the articles of incorporation, but cannot be lower than one-third of the votes) need to be present, and an ordinary resolution of shareholders' meeting is required. The same applies to dismissals of Directors. When the appointment of two or more directors is on the agenda, shareholders may propose resorting to the cumulative voting system, but this can be excluded by the articles of incorporation. Our Articles of Incorporation have excluded such cumulative voting system. Directors can be dismissed any time at the general shareholders' meeting by an ordinary resolution. In companies that issued shares with a veto right regarding the dismissal of directors, such dismissal must also be approved at the meeting of shareholders of this class. In companies with shares to appoint a certain number of directors, dismissal of such directors so appointed requires the approval of this class of shareholders.

The term of office of our Directors terminates at the close of the general meeting of Shareholders relating to the last fiscal year ending within one year from the election of the director. However, such term may be shortened by the articles of incorporation or a resolution of a general meeting of shareholders.

In companies with three committees, directors, as a rule, do not execute the business of the company. The board of directors in those companies is intended to perform a supervisory role.

(iii) Three Committees

Three Committees include the nomination committee, the audit committee and the remuneration committee. Under the Companies Act, each of the Three Committees shall comprise three or more Directors and the majority of them shall be outside directors (*sha gai torishimariyaku* 社外取締役). An outside director is defined under the Companies Act as a director who (a) is neither an executive director nor executive officer, nor an employee, including a manager, of a company or any of its subsidiaries; and (b) who has never been an executive director nor executive officer, nor an employee, including a manager, of a company or any of its subsidiaries. In addition to the requirements under the Companies Act, our Articles of Incorporation provides that the composition of the Three Committees shall, from time to time, comply with the requirements under the Listing Rules. The members of each of the Three Committees shall be appointed and dismissed by resolution of the board of Directors.

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

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

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

(iv) Executive officers

In companies with three committees, instead of representative directors, there are executive officers (*shikko-yaku* 執行役) who are appointed by the board of directors, but not necessarily from among the directors, and chief executive officers who are appointed by the board of directors from among executive officers to represent the company. There is a mandate relationship between three committees and executive officers. Executive officers make decisions on the matters delegated to them by the decision of the board of directors, and execute the business of the company. The term of office of the executive officers shall

expire at the first meeting of the board of directors convened following the close of the annual shareholders meeting relating to the most recent financial year ending within one (1) year following their election.

Board of directors shall appoint representative executive officers who shall represent the stock company from among the executive officers.

(v) Accounting auditors

Accounting auditors shall audit the financial statements and the supplementary schedules thereof, the temporary financial statements as well as the consolidated financial statements of a stock company. The accounting auditor shall be elected at a shareholders meeting. The term of office of accounting auditor shall expire at the close of the annual shareholders meeting for the most recent financial year ending within one (1) year following their election.

(vi) Relationship between the company and the officers

There is a mandate relationship between the company and its officers (the directors, the accounting adviser, and statutory auditors). As such, directors and the other officers have a duty to act as good managers. Directors owe a fiduciary duty vis-à-vis the company: i.e., the duty to comply with the law, articles of incorporation, and the resolutions of the general shareholders' meeting, and loyally carry out their duties.

(vii) Conflict of interest

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

- effecting a transaction within the area of business of the company for himself or for the benefit of a third party.
- effecting a transaction with the company for himself or for the benefit of a third party.
- effecting a transaction on behalf of the company with a third party in cases where there is a conflict of interests between the company and the director, such as in cases where the company guarantees the debt of the director to a lender.

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

(h) Amendment of Articles of Incorporation

A company may amend its articles of incorporation by a special resolution of a shareholders' meeting except where a company (excluding a company that has issued two or more classes of shares) intends to increase the number of shares authorised to be issued by amending its articles of incorporation for the purpose of, and on the same date as, performing a stock split, in which case a board resolution would be sufficient.

(i) Inspection of corporate records

(i) Share register

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

Our Share Registrar will require a Shareholder or creditor to complete a prescribed form setting out details of the Shareholder or creditor and the purpose of inspection. Our

Share Registrar will then contact our Company and notify the Shareholder or creditor of the Company's decision within two business days and, if approved, our Share Registrar will notify the Shareholder or creditor of the date of the inspection. Other than applicable printing costs, no fee will be charged for the inspection.

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

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

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

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

A CCASS Beneficial Owner is not recognised under the Companies Act as a legal Shareholder unless he withdraws the Share certificate from CCASS and re-registers himself as a Shareholder in our share register. Therefore, CCASS Beneficial Owners may only inspect our share register to the extent allowed under the Personal Data Act.

(ii) Accounting documents

Shareholders who are interested in 3% or more of the total voting rights in our Company are entitled to inspect and make a copy of the accounting documents by giving reasons. Our Company is not entitled to refuse the request unless (i) the Shareholder makes this request to pursue goals other than the investigation for the protection or exercise of his or her rights; (ii) the Shareholder makes this request to obstruct our Company from executing its business and to harm the interests of the Shareholders as a whole; (iii) the Shareholder is in a business substantially in competition with our Company, or is involved in the business of our Company; (iv) the Shareholder makes the request in order to report facts which he/she learns by inspecting or copying the account books or materials relating thereto to third parties for profit; or (v) the Shareholder is a person who has reported facts which he/she has come to learn by inspecting or copying the account books or materials relating thereto to third parties for profit during the last two years.

(iii) Commercial register

A stock company is required to register certain matters with the relevant authorities in Japan such as (i) the purposes, (ii) trade name, (iii) location, (iv) share capital, (v) total number of shares to be issued, (vi) details of shares, (vii) number of share unit (if any), (viii) total number of issued shares, (ix) name, address and business office of the administrator of the share register (if any), (x) matters regarding share acquisition rights, (xi) names of directors, (xii) names and addresses of representative directors, (xiii) if the company is a company with a board of directors, a company with accounting auditors, a company with statutory auditors, and/or a company with a board of statutory auditors, a statement to that effect, (xiv) if there are provisions in the articles of incorporation with regard to exemptions from liability of directors, accounting advisers, statutory auditors, executive officers or accounting auditors, such provisions of the articles of incorporation, (xv) if there are provisions in the articles of incorporation with regard to the agreements for the limitation of liabilities assumed by outside directors, accounting advisers, outside statutory auditors or accounting auditors, such provisions of the articles of incorporation, (xvi) URL for disclosure of certain information to be included in financial statements, and (xvii) matters regarding public notice. In addition to the above, certain corporate actions such as mergers and corporate splits are also registered.

For (xv) above, accounting advisers (*kaikeisanyo* 会計参与) of a company shall prepare, jointly with the directors, financial statements and the supplementary schedules thereof, extraordinary financial statements and consolidated financial statements of such company. Our Company may or may not appoint an accounting adviser under the Companies Act. Accounting auditors (*kaikeikansanin* 会計監査人), on the contrary, are external certified public accountants who shall audit the financial statements and the supplementary schedules thereof, extraordinary financial statements and consolidated financial statements prepared by the directors (with or without the assistance of accounting advisors). Our Company, as a company with Three Committees, must appoint an accounting auditor under the Companies Act.

Our Company is a company with nomination committee, etc. (as opposed to a company with statutory auditors). Therefore, the position of statutory auditors (*kansayaku* 監査役) is not applicable to our Company.

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

(j) Winding up

(i) Dissolving

Under the Companies Act, our Company may dissolve itself by a special resolution of the Shareholders. Upon dissolution of our Company, our Director(s) will cease to serve in such directorial capacity and our former Director(s) (excluding Directors who are members of the audit committee) will become the liquidator(s) of our Company by default, unless otherwise provided for in our Articles of Incorporation or determined by a Shareholders' resolution.

After our Company is dissolved, we would continue to exist as a corporate entity. However, our sole purpose will be to liquidate itself. In other words, our Company, if dissolved, would not be able to operate our business in the same manner as we currently do prior to the dissolution.

(ii) Liquidation

Once our Company is dissolved, it would then proceed to liquidate itself. Liquidation is a procedure for our Company to wind-up its affairs and eventually cease to be a corporate

entity. During this process, liquidators would act as representatives of our Company. Our Company may pass a resolution for dissolution by special resolution of the Shareholders.

Under our Articles of Incorporation, for any transaction between our Company and any party, any action by our Company, or any matter, in each case, that is required to be subject a resolution at a Shareholders' meeting under the Listing Rules or Takeovers Code, as the case may be, such transaction, action or matter shall not be taken to have passed unless the quorum and resolution ratio requirements prescribed under both the Companies and the Listing Rules or Takeovers Code (as the case may be) are satisfied. Therefore, if a higher threshold is applicable for dissolution under the Listing Rules or the Takeovers Code (as the case may be) from time to time, such higher threshold shall apply.

(k) Indemnification

If the officers (the directors, the executive officers and the accounting auditors) of a company shall be liable to such company for damages arising as a result of negligence of their duties, there are some indemnity provisions applicable to them under the Companies Act. An exemption from liability may be given with the consent of all Shareholders; or a partial exemption from liability may be given by a board resolution if the relevant officers acted without knowledge and was not grossly negligent in performing his/her duties by a provision of the Articles of Incorporation.

(l) Accounting and auditing requirements

Under the Companies Act, our Company must prepare accurate account books in a timely manner pursuant to the applicable ordinance of the Ministry of Justice, and shall retain its account books and important materials regarding its business for ten years from the time of the closing of the relevant account books. In general, Shareholders having not less than 3% of the total voting rights in our Company (excluding Shareholders who may not exercise their votes on any matter that may be resolved at a Shareholders' meeting), or Shareholders holding not less than 3% of the issued share capital (excluding treasury Shares), may make a request to inspect or copy such documents at any time during the business hours of our Company, disclosing the reasons for such request. If it is necessary for the purpose of exercising the rights of a shareholder of the parent company of our Company, he/she may, with the permission of the court, make the request for inspection or copying of such accounting books or materials, disclosing the reasons for such request. If such request is made, our Company may not refuse the request except as set forth in the Companies Act.

Under the Companies Act, an Executive Officer designated by our Board of Directors will prepare financial statements (meaning balance sheets, profit and loss statements and statement of changes in net assets and notes to specific items) and business reports for each financial year and supplementary schedules thereof, pursuant to the applicable ordinance of the Ministry of Justice. The financial statements and supplementary schedule thereof must be audited by the accounting auditor in accordance with JGAAP and by the audit committee of the Company.

The financial statements, business reports and supplementary schedules thereof prepared in accordance with JGAAP must then be approved by our Board of Directors. Once approved by our Board of Directors, our Company would despatch such financial statements and business reports to all registered Shareholders entitled to receive the convocation notices of Shareholders' meetings of our Company along with the convocation notice of an annual Shareholders meeting at which statements are presented for reporting by the Chief Executive Officer of our Company or, in the limited instances set forth below, for the approval of Shareholders. Under our Articles of Incorporation, the notice of annual Shareholders' meetings must be sent to each Shareholder along with the financial statements not less than 21 days before the date of such Shareholders' meetings. Under the Companies Act, annual Shareholders' meetings must be held annually and within a defined period of time following the financial year end of our Company.

Our Company will also separately despatch an annual report incorporating financial statements (or a summary financial report) prepared in accordance with IFRS within four months of the financial year end of our Company to Shareholders and hold a separate Shareholders

meeting as required under the Listing Rules (i) within six months of the Company's financial year end and (ii) at least 21 days after such annual report is delivered to Shareholders. In any given year, if our Company is able to despatch its annual report incorporating financial statements (or a summary financial report) prepared in accordance with IFRS to Shareholders along with the convocation notice of the annual Shareholders' meeting required under the Companies Act, our Company may choose to hold a single annual Shareholders' meeting that fulfills both the requirements under the Companies Act and the Listing Rules described above.

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

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

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

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

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

(i) one week after delivery of the audit report prepared by the accounting auditor to the audit committee, which shall be delivered on the later of the following dates:
  (a) four weeks after the accounting auditor receives the financial statements from our Company;
  (b) one week after the accounting auditor receives attachments (fuzoku meisaisho 附属明細書) to the financial statements; or
  (c) a date separately agreed upon by the Designated Director, and the accounting auditor as the deadline for the report of the audit report by the accounting auditor. If the accounting auditor fails to deliver the audit report on the dates set forth above, within one week of delivery of the audit report prepared by the accounting auditor;

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

After the conclusion of the Shareholders' meeting convened in connection with the JGAAP financials, the Company must either, pursuant to the applicable ordinance of Ministry of Justice, (i) provide public notice of our balance sheet and profit and loss statements prepared in accordance with JGAAP of the Company or the digest thereof; or (ii) disclose the balance sheet and profit and loss statements prepared in accordance with JGAAP of our Company on the internet for a period of five years. If the financial statements prepared in accordance with JGAAP fail to meet the requirements of the applicable ordinance of the Ministry of Justice, Shareholders' approval of such financials will be required to finalise them. If such Shareholders' approval cannot be obtained, in order to finalise the JGAAP financial statements, our Board of Directors may revise such financial statements so that they meet the requirements of the applicable ordinance of the Ministry of Justice, in which case Shareholders' approval will no longer be necessary. Alternatively, our Board of Directors may convene another Shareholders' meeting to obtain Shareholders'

approval after amending the JGAAP financial statements in the event such amended financial statements still fail to meet the requirements of the applicable Ordinance of the Ministry of Justice. Since the requirement to present financial statements in accordance with JGAAP and financial statements in accordance with IFRS are independent of one another, in the event that Shareholders' approval is required in connection with the JGAAP financial statements and our Company is unable to obtain such approval, the presentation of the financial statements in accordance with IFRS to Shareholders will not be affected. With regard to financial statements prepared in accordance with IFRS, although it may do so voluntarily, our Company is not required under the applicable ordinance of the Ministry of Justice and the Companies Act to obtain Shareholders' approval of such financial statements at a Shareholders' meeting.

(m) Share transfers and share exchanges

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

A share exchange (*kabushiki kokan* 株式交換) is a transaction whereby a stock company (*kabushiki-gaisha* 株式会社) transfers all of its outstanding shares to an existing stock company or a limited liability company (*godo-gaisha* 合同会社) (i.e., conversion of an existing stock company to a wholly-owned subsidiary of another existing stock company (*kabushiki-gaisha* 株式会社) or limited liability company (*godo-gaisha* 合同会社)) in return for shares, bonds, share acquisition rights, bonds with share acquisition rights or other assets of the company that will become a new parent of such stock company.

Our Company must seek a special resolution from the Shareholders if it conducts a share exchange unless:

(1) our Company is the squeezing entity (meaning an entity that intends to acquire the entire issued share capital of the target entity through the share exchange) in relation to the share exchange and the consideration to be paid to the shareholder of the counterparty (target entity) is 20% or less of the net assets of our Company;
(2) our company has 90% or more of the outstanding Shares of the counterparty; or
(3) the counterparty has 90% or more of the outstanding Shares of our Company.

Our Company must seek a special resolution from the Shareholders if we conduct a share transfer.

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

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

Further, in addition to the general content requirements for convocation notices noted above, for convocation notices which relate to obtaining consent for share transfer plans, the convocation notice must also include the following key content requirements: (i) the reason for the proposed share transfer plan; (ii) the terms and conditions of the share transfer; (iii) our Company's financial documents (balance sheet/profit and loss statement/ business

report/auditor's report) of the latest financial year; (iv) our Company's material subsequent events after the end of the latest financial year; and (v) our Articles of Incorporation.

3. SUMMARY OF MAIN JAPAN TAX ASPECTS RELEVANT TO THE SHAREHOLDERS OF THE COMPANY

The following is a summary of certain material Japan tax consequences for the Shareholders relating to the holding of and disposing of the Shares. It does not purport to be a complete analysis of all possible tax situations that may be relevant to a decision to purchase the Shares or with regard to the taxation of our Company. Prospective purchasers should consult their own tax advisers as to the possible tax consequences of the purchase and ownership of the Shares based on their particular circumstances. No conclusion should be drawn with respect to issues not specifically addressed by this summary. It is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors should therefore consult their own advisers as to the effect of any local laws, including Japanese tax law, to which they may be subject.

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

(a) Stamp duty

(i) Japanese stamp duty

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

(ii) Hong Kong stamp duty

Our Shares are considered as "Hong Kong stock" for the purpose of the Stamp Duty Ordinance. Dealings in the Shares in our Company, which are required to be registered in our share register through the Share Registrar in Hong Kong, are subject to Hong Kong stamp duty.

(b) Japanese withholding tax on dividend payments

See "B. Material Shareholders' Matters under Japanese Law — Dividends — Japanese withholding tax for dividend payments" above.

(c) Capital gains tax

Japanese capital gains tax

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

The above taxation is subject to the application of relevant double tax treaties and, based on the provisions of the Hong Kong-Japan Tax Treaty, capital gains realised by a Shareholder, who is a resident or corporation in Hong Kong, will not be taxable under

Japanese capital gains tax (even if such Shareholder is interested 25% or more in our Company's entire issued Shares at any time during the taxable year of sale or during two preceding years, and transfers 5% or more of the issued Shares of our Company in the taxable year of sale). The absence of capital gains taxation in Japan is not subject to any specific formalities and our Shareholders who are residents or corporations in Hong Kong are therefore not required to take any action in order to enjoy this exemption.

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

Individual Shareholders

Individual Shareholders who are residents in Japan who effect their dealings in our Shares through a recognised financial instruments business operator (*kinyuu shouhin torihiki gyousha tou* 金融商品取引業者等) are subject to capital gains tax in Japan at the following rates:

	Individual Shareholders
For the years ending 31 December 2037	20.315%
For the year ending 31 December 2038 and thereafter	20%

Individual Shareholders who are residents in Japan who do not effect their dealings in the Shares through a recognised financial instruments business operators (*kinyuushouhintorihikigyousha tou* 金融商品取引業者等) are generally subject to capital gains tax in Japan at around 20%.

Corporate Shareholders

Corporate Shareholders established in Japan are subject to capital gains tax in Japan at the following rate:

	Corporate Shareholders
For the financial year commencing before 1 April 2012 (note)	Approximately 40.7%
For the three financial years commencing on or after 1 April 2012 (note)	Approximately 38%
For the financial years thereafter (note)	Approximately 36%

Note: On the assumption that each financial year runs for a period of 12 months for the corporate Shareholders.

Hong Kong capital gains tax

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

Currently, profits tax in Hong Kong is imposed on corporations at the rate of 16.5% and on unincorporated business at a maximum of 15.0%. Gains from the sale of the Shares

effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from the sale of our Shares effected on the Stock Exchange realised by persons carrying on a business of trading or dealings in securities in Hong Kong.

Investors are advised to consult their own advisers as to the effect of any local laws, including Japanese tax law, to which they may be on capital gains derived from the sale of our Shares.

(d) Inheritance and gift tax

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.

4. GENERAL

Any person who wants to have a detailed summary of the Companies Act or advice on the differences between it and the laws of any jurisdiction which such person believes may be applicable to them should seek independent legal advice.

D. Constitutional Documents

Articles of Incorporation

Note: This is an English translation and in case of any discrepancies between the Japanese original version and the English translation, the Japanese original version shall prevail.

CHAPTER 1 GENERAL PROVISIONS

Article 1. (Trade Name)

The company shall be called ''Kabushiki Gaisha DYNAM JAPAN HOLDINGS'' in Japanese and ''DYNAM JAPAN HOLDINGS Co., Ltd.'' In English (the ''Company'').

Article 2. (Purpose)

1. The purpose of the Company shall be to own controlling interests in companies engaged in the following lines of business, and thereby control and manage the businesses activities of such companies:

   (1) Operation of recreation halls and similar recreational facilities, and provision of consulting services related thereto;

   (2) Planning, development, sale and purchase, lease, rent, installment sale, transportation, storage, installation, maintenance, and evaluation of performance of game machines, peripheral equipment and other movables of various kinds, and brokerage, agency, research and consulting services related thereto;

   (3) Planning relating to measures to prevent illegal usage of game machines and manufacturing, sales, installation work, and maintenance of components for such measures;

   (4) Development, operation and maintenance of management systems for game machines, and provision of system services as well as brokerage, agency, research and consulting services related to such systems;

   (5) Preparing and filing applications for the moving of game machines, and brokerage, agency, research and consulting services related thereto;

   (6) Manufacturing, processing, and sale of goods that are offered as prises in gaming places, and provision of brokerage, agency, research and consulting services related thereto;

   (7) Planning, development, manufacturing, sale, installation, maintenance, lease and import and export of amusement machines, software, contents, amusement facility system and peripheral equipment;

   (8) Planning and management of restaurants and providing consulting services thereto;

   (9) Operation of, and provision of consulting services regarding, golf simulation facilities;

   (10) Import, sale, and lease of golf simulation equipment and its peripheral equipment;

(11) Operation of golf schools;

(12) Operation of offline or online golf lesson systems;

(13) Planning and operation of golf-related events and operation of websites related to golf, etc.;

(14) Planning and sale of golf goods and equipment;

(15) Operation of tennis clubs;

(16) Operation of hotels;

(17) Operation of health facilities such as bedrock bathing facilities, lava stone bathing facilities, bath/warm bath facilities, sauna, aromatherapy, reflexology, massage, beauty treatment;

(18) Manufacturing, processing, sale and import and export of confectionery, coffee, foods, daily goods, timbers, and other goods;

(19) Manufacturing and sale of drinking water such as mineral water, and soft drinks;

(20) Sale, import and export of lighting apparatus and kitchen instrument;

(21) Sale of tobaccos and alchoholic beverages;

(22) Cargo transportation and packaging services and warehousing and agent services;

(23) Brokerage and referrals of international cargo transportation;

(24) Trading;

(25) Customs clearance and bureau thereof;

(26) Businesses relating to temporary staffing, personnel placement and fee- based employment referrals;

(27) Language and conversation skill instruction, development and training of language teachers and development and sale of language teaching materials;

(28) Overseas school placement, and study abroad services, and agency services related thereto;

(29) Sale and purchase, brokerage, renting, management and evaluation of real estate and consulting services related thereto;

(30) Planning and designing and execution and supervision of construction works of buildings, interior and exterior design;

(31) Repair, cleaning, maintenance and management of the inside and the outside of buildings and their parking lots;

(32) Manufacturing, processing, purchasing, sale and import and export of construction materials;

(33) Travel agent business or travel sub-agent business under the Travel Agency Law;

(34) Translation and interpretation services;

(35) Moving service referrals;

(36) Dealing in used articles and provision of consulting services related thereto;

(37) Leasing, rent, sale and purchase, installment sale, and maintenance of cars, used cars, motorcycles, and motorbikes, and various components and goods relating thereto;

(38) Collection, transportation, and disposal of, and provision of consulting services regarding general waste and industrial waste;

(39) Money lending, sale and purchase of various receivables, guaranty or assumption of liabilities, and other financial businesses, as well as brokerage, agency, research and consulting services related thereto;

(40) Non-life insurance agency;

(41) Life insurance agency;

(42) Insurance agency under the Automobile Liability Security Act;

(43) Data processing services, information services, and unified information management as well as brokerage, agency, research and consulting services related thereto;

(44) Contract work of preparing, printing, giving and receiving, and transporting documents, and other general affairs of enterprises, or acceptance of orders for such work;

(45) Services of storing and dispatching materials or leaflets;

(46) Taking care of data input services;

(47) Advertisement agency;

(48) Accounting, taxation, payroll calculation, labor management and similar processing services;

(49) Planning, development, sale, installation, maintenance, operation and import and export of computer systems and software;

(50) Offering loans to, making investments in and providing management advisory services to overseas and domestic entities;

(51) Consulting services relating to management of companies;

(52) Welfare services for persons with disabilities pursuant to the Act on Comprehensive Support for Persons with Disabilities;

(53) Leasing, renting, sale and purchase, installment sale, and maintenance of aircrafts and ships, and various components and goods relating thereto; and

(54) School management and other educational business.

2. The Company may conduct business incidental to each item set forth in the preceding paragraph.

Article 3. (Location of Head Office)

The Company has its head office in Arakawa-ku, Tokyo.

Article 4. (Corporate Governance)

In addition to holding a shareholders meeting and having directors, the Company is a ''Company with Nomination Committee, Etc.'' having the following organs:

(1) Board of directors;

(2) Nomination committee;

(3) Audit committee;

(4) Remuneration committee; and

(5) Accounting auditor.

Article 5. (Method of Public Notice)

Public notices of the Company shall be given electronically; provided, however, that if the Company is prevented from giving public notice electronically due to an accident or other cause outside of its control, public notice of the Company shall be given by publication in the *Nihon Keizai Shimbun*.

CHAPTER 2 SHARES

Article 6. (Total Number of Authorized Shares)

The total number of shares authorized to be issued by the Company is 2,520,000,000 shares.

Article 7. (Class of Shares)

1. Subject to the provisions of the Companies Act, if the Company issues more than one class of shares, including preferred shares, different voting rights may be attached to different share classes.

2. Where the Company issues shares with non-voting rights or restricted voting rights, the words ''無議決権 (non-voting),'' or ''議決権制限 (restricted voting)'' shall appear on the share certificates.

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

1. The share subscription requirements as defined in the second paragraph of Article 199 or the first paragraph of Article 238 shall be determined by an ordinary resolution of the shareholders meeting, except that, in the circumstances where an issuance of the shares is made on the price

especially favorable for the subscriber of the issued shares, a special resolution of a shareholders' meeting shall be required.

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

3. The amount of stated capital shall not be reduced unless resolved at a shareholders meeting by three-fourth or more of the voting rights of shareholder(s) attending such shareholders meeting.

4. Notwithstanding paragraph 1 of this Article, the share subscription requirements may be mandated to the board of directors through an ordinary resolution or, in case of issuance on a price especially favorable, a special resolution of the shareholders meeting.

Article 9. (Acquisition of Treasury Shares)

1. The Company may acquire treasury shares (by transacting in the market) pursuant to a resolution of the board of directors in accordance with Article 165, Paragraph 2 of the Companies Act.

2. The Company shall without delay cancel treasury shares acquired by the Company through the resolution of the board of directors or decision of executive officer(s) authorized by the board, if such cancellation is required under the rules (the ''Listing Rules'') of the stock exchange (the ''Stock Exchange'') on which the securities of the Company are listed.

Article 10. (Issuance of Share Certificates)

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

2. All share certificates shall be under seal of the company (the ''Seal'') or with the Seal printed thereon and shall specify the number and class and share certificate number (if any) of the shares to which it relates and may otherwise be in such form as the directors may from time to time determine. No share certificate shall be issued representing shares of more than one class.

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

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

Article 12. (Registration of Share Transfers)

1. Transfer of shares or creation of pledge on shares shall not be perfected against the Company and other third parties unless the name and address of the person who acquires those shares or the pledgee of such shares is stated or recorded in the shareholder registry.

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

3. Any person who seeks to have his/her name recorded as a shareholder in the shareholder registry needs to present share transfer forms duly executed by the relevant transferor and transferee and other prescribed application documents (if applicable) in compliance with the Listing Rules, and the laws of place where the Company is listed, except where otherwise provided under the laws of Japan.

Article 13. (Inspection and Copying of the Shareholder Registry)

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

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

Article 14. (Restrictions on Transfers of Shares)

Any shares of the Company shall be freely transferrable.

Article 15. (Administrator of Shareholder Registry)

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

2. The administrator of the shareholder registry and the location of its administration shall be determined by resolution of the board of directors.

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

Article 16. (Share Handling Regulations)

Procedures and charges relating to the handling of the shares of the Company shall be governed by applicable laws and regulations, these Articles of Incorporation, and the Company’s Share Handling Regulations approved by the board of directors.

Article 17. (Record Date to Determine Voting Rights Holders)

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

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

3. Where the Company specifies the record date as described in the paragraph 1, the Company shall publish such record date on the websites of both the Stock Exchange and the Company no later than 10 business days prior to such record date.

4. The business day as in the preceding paragraph shall mean business day in Hong Kong.

Article 18. (Limitation on power to sell shares of untraceable shareholders)

Where power is exercised to sell the shares of a member who is untraceable under the provisions of the Companies Act, the Company shall not exercise such power unless each item set forth below has been satisfied:

(a) during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been received; and

(b) on expiry of the 12 years the Company notifies the Stock Exchange of such intention and gives notice of its intention to sell the shares by way of an advertisement published in newspapers in both Japan and the place of the Stock Exchange.

CHAPTER 3 SHAREHOLDERS MEETING

Article 19. (Convocation of Shareholders Meetings)

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

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

1. Shareholders meetings shall be convened by a director who is determined in advance by the board of directors unless otherwise provided by laws or regulations. If such director is unable to so act or is absent, then another director shall convene the shareholders meeting in accordance with the order of priority predetermined by the board of directors.

2. A director or executive officer who is determined in advance by the board of directors shall act as the chairperson at the shareholders meeting. If such director or executive officer is unable to so act or is absent, then another director or executive officer shall act as the chairperson at the meeting in accordance with the order of priority predetermined by the board of directors.

3. The six (6) months' requirements provided for in Articles 297 (right to request convocation of shareholders meeting), 303 (right to request for addition of agenda) and 305 (right to request notification of a proposal) of the Companies Act shall be reduced to the time of request.

Article 21. (Notice to Shareholders)

1. When convening a shareholders' meeting, the Company shall take measures for the electronic provision of information contained in reference materials for shareholders' meetings, etc.

2. With respect to all or part of the matters for which measures for electronic provision of information are to be taken as specified by the Ordinance of the Ministry of Justice, the Company (subject to

compliance with the relevant requirements of the Stock Exchange) shall not be required to include such matters in the documents to be delivered to shareholders who have made a request for document delivery by the record date for voting rights.

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

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

5. In the case of the preceding paragraph, the Company shall give notice sufficient to enable members, whose registered addresses are in the place of the Stock Exchange, to exercise their rights or comply with the terms of the notice. The Company shall not be released from its obligation under the Companies Act or any other applicable laws and regulations to give notice to any shareholder for the reason that such shareholder's registered address is outside the place of the Stock Exchange.

6. In cases where notices or demands from the Company do not reach a shareholder for five consecutive years or more, the Company shall no longer be required to give notices or issue demands to such shareholder under the provisions of the Companies Act, provided that where a notice or demand from the Company is returned undelivered, the Company shall thereafter no longer be required to give notices or issue demands to such shareholder under the provisions of the Companies Act.

7. The requirement to send a shareholder any corporate communication (as defined under the Listing Rules), shall be satisfied where, in accordance with the Listing Rules, the Company publishes it on the Company's website or in any other permitted manner (including by any form of electronic communication), and that shareholder has agreed or is deemed to have agreed to treat the publication or receipt of such notice or document in such manner as discharging the Company's obligation to send him a copy of such notice or document, subject always to the right of any such shareholder to change his choice of communication under the Listing Rules.

Article 22. (Method of Resolutions at Shareholders Meetings)

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

Article 23 (Voting by Proxy)

1. A shareholder may exercise voting rights through a proxy appointed by such shareholder. In this case, a shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his/her behalf at a shareholders meeting.

2. A proxy shall not be required to be a shareholder, and regardless of whether they represent an individual or corporate shareholder, may exercise the same powers as the shareholder they represent could exercise.

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

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

5. Where the Company issues form of proxy for a shareholders' meeting, such instrument may be in any usual or common form or in any other form which the Board may approve, provided that this shall not preclude the use of the two-way form, and shall be expressed to be valid for a particular shareholders' meeting or generally until the intention to appoint a relevant proxy(ies) is revoked and a space for voting ''yes'' or ''no'' with respect to each resolution shall be set out for each agenda for such meeting.

6. In the case of the preceding paragraph, the instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or, if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised.

Article 24. (Minutes)

A summary of, and description of the outcome of, the proceedings of each shareholders meeting and other matters prescribed by applicable laws and regulations shall be stated or recorded in meeting minutes.

Article 25. (Addition to the matters required to be resolved by shareholders' meeting)

Any matters that are required to be resolved by shareholders' meeting under the Listing Rules shall be resolved by the shareholders meeting.

Article 26. (Quorum of meeting of class of shares)

In case the Company issues more than one class of shares, the quorum for a separate class meeting to consider a variation of the rights of that class of shares shall be the holders of majority of the issued shares of that class in accordance with the Companies Act, unless higher amount is required under the Companies Act, the Listing Rules or the code on takeovers and mergers and share repurchases of the place of the Stock Exchange (the ''Takeovers Code'').

Article 27. (Requirements of Voting Rights to Satisfy Quorum and Determine Matters)

1. In circumstances where the Listing Rules or Takeovers Code (as the case may be) require any transaction between the Company and any party, any action by the Company, or any matter to be subject to a shareholders' resolution, the shareholders' resolution relevant to such transaction, action or matter shall not be taken to have been be passed unless the quorum and resolution ratio requirements prescribed by both the Companies Act, and the Listing Rules or Takeovers Code (as the case may be) are satisfied, including any requirements for approval by independent shareholders. Where any Shareholder is, under the Listing Rules or Takeovers Code (as the case may be), required to abstain from voting on any particular resolution or restricted to vote only for or against any particular resolution, then such resolution must be carried by such number of votes that would have satisfied both the quorum and resolution ratio requirements under the Companies Act and the independent shareholders' approval requirements under the Listing Rules or Takeovers Code (as the case may be). In this case, for the purpose of satisfying the independent Shareholders' approval requirements under the Listing Rules or Takeovers Code (as the case may be), the number of votes that should be counted shall be in accordance with the relevant requirements set forth in the Listing Rules or the Takeovers Code (as the case may be).

2. Where any transaction is required to be subject to a resolution Shareholder's resolution under the Listing Rules or Takeovers Code (as the case may be), the completion of such transaction shall not take place unless the board of directors or its relevant committee passes a resolution after the shareholders' meeting to confirm that the requisite shareholders' approval requirement under the Listing Rules or Takeovers Code (as the case may be) has been obtained. In this case, it shall be made known, by a director or executive officer, to the counter party(ies) in, and be made a condition precedent of, such transaction prior to entering into any binding agreement.

CHAPTER 4 DIRECTORS AND THE BOARD OF DIRECTORS

Article 28. (Number of Directors)

The Company shall have no more than twelve (12) directors.

Article 29. (Election of Directors)

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

2. Resolutions for the election of directors shall be passed by majority vote of shareholders present, provided that the votes of such shareholders represent one-third or more of the votes of shareholders entitled to vote.

3. Directors shall not be elected by cumulative voting.

4. Any Director may be dismissed at any time by ordinary resolution of a shareholders meeting in accordance with the Companies Act.

5. Except as permitted under both the Companies Act and the laws and regulations of the place of the Stock Exchange (the provisions would be applicable if the Company were a public company incorporated in such place), the Company shall not directly or indirectly:

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

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

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

6. Subject to compliance with both the Companies Act and the laws and regulations of the place of the Stock Exchange (the provisions which would be applicable if the Company were a listed company incorporated in such place), the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

Article 30. (Term of Office of Directors)

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

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

Article 31. (Powers of the Board of Directors)

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

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

1. Meetings of the board of directors shall be convened by a director designated in advance by the board of directors, who shall act as the chairman of the board unless otherwise provided by laws and regulations.

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

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

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

Article 33. (Notice of Board Meetings)

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

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

Article 34. (Method of Resolution at Board Meetings)

1. Resolutions at meetings of the board of directors shall be passed by majority vote of the directors present, provided that such directors represent a majority of all directors entitled to vote.

2. A resolution of the board of directors shall be deemed to have been adopted by the Company when the requirements prescribed in Article 370 of the Companies Act have been fulfilled.

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

Article 35. (Minutes)

A summary of, and description of the outcome of, the proceedings of each meeting of the board of directors and other matters prescribed by applicable laws and regulations shall be stated or recorded in the minutes, to which all directors present shall affix their signature, or name and seal, or electronic signature.

Article 36. (Regulations of the Board of Directors)

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

Article 37. (Remuneration, etc.)

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

Article 38. (Exemption of Directors from Liability)

Pursuant to Article 426, Paragraph 1 of the Companies Act, the Company may, by resolution of the board of directors, exempt any directors (including former directors) from any liability prescribed under Article 423, Paragraph 1 of the Companies Act that arises due to negligence in performing their

duties, to the extent provided under applicable laws and regulations, in cases where such directors have not been willful or grossly negligent in performing their duties.

CHAPTER 5 NOMINATION COMMITTEE, AUDIT COMMITTEE AND REMUNERATION COMMITTEE

Article 39. (Organization of Each Committee)

1. The nomination committee, the audit committee and the remuneration committee (each a ''Committee'') shall be composed of three (3) or more directors.

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

Article 40. (Minutes)

A summary of, and description of the outcome of, the proceedings of each meeting of each Committee and other matters prescribed by applicable laws and regulations shall be stated or recorded in minutes, to which all committee members present shall affix their signature, or name and seal, or electronic signature.

Article 41. (Committee Regulations)

In addition to laws and regulations, these Articles of Incorporation and the prescriptions of each Committee, the matters concerning each Committee shall be governed by the nomination committee regulations, audit committee regulations and remuneration committee regulations which shall be determined by the board of directors.

CHAPTER 6 EXECUTIVE OFFICER

Article 42. (Number and Election)

There shall not be more than ten (10) executive officers of the Company at any one time, and they shall be elected by the board of directors.

Article 43. (Term of Office of Executive Officers)

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

Article 44. (Election of Chief Executive Officer and Executive Officers with Corporate Titles, and Powers and Division of Duties)

1. The Company shall appoint the Chief Executive Officer by resolution of the board of directors.

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

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

Article 45. (Remuneration)

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

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

Article 46. (Exemption of Executive Officers from Liability)

Pursuant to Article 426, Paragraph 1 of the Companies Act, the Company may, by resolution of the board of directors, exempt any executive officers (including any former executive officers) from any liability prescribed under Article 423, Paragraph 1 of the Companies Act that arises due to negligence in the performance of their duties, to the extent provided under applicable laws and regulations, where such executive officers have not been willful or grossly negligent in performing their duties.

Article 47. (Matters concerning Executive Officers)

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

2. If the Company has a board of executive officers, matters concerning such board shall be governed by applicable laws and regulations, these Articles of Incorporation and the regulations of the board of executive officers adopted by the board of executive officers.

CHAPTER 7 ACCOUNTING AUDITORS

Article 48. (Election)

The accounting auditor shall be elected at a shareholders meeting.

Article 49. (Term of Office of Accounting Auditors)

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

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

Article 50. (Exemption of Accounting Auditors from Liability)

The Company may, by resolution of the board of directors, exempt any accounting auditor (including any former accounting auditor) from any liability prescribed under Article 423, Paragraph 1 of the Companies Act to the extent provided by applicable laws or regulations where such accounting auditor have not been willful or grossly negligent in performing their duties.

Article 51. (Remuneration)

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

CHAPTER 8 ACCOUNTING

Article 52. (Business Year)

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

Article 53. (Body Determining Dividends Payable out of Surplus, etc.)

1. The amounts of surplus retained and dividends paid out of surplus by the Company and other matters prescribed in Article 459, Paragraph 1 of the Companies Act shall be determined by resolution of the board of directors unless otherwise stipulated by applicable laws and regulations.

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

Article 54. (Record Date for Dividends Payable out of Surplus)

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

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

Article 55. (Statute of Limitations for Dividends Paid out of Surplus)

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

2. Interest shall not accrue on unpaid dividends.

SUPPLEMENTARY PROVISIONS

Article 1. (First Business Year)

Notwithstanding the provisions of Article 52 (Business Year) of these Articles of Incorporation, the first business year of the Company shall be a year falling between the date of incorporation of the Company and 31 March 2012.

Article 2. (Transition Measure on Convocation Notice of the Shareholders Meeting)

1. For the purpose of the annual shareholders meeting to be held in 2012, the 21 days periods provided for in the paragraphs 2 and 3 of Article 21 shall be changed to 14 days period.

2. Paragraph 2 of Article 19 shall not be applied to the annual shareholders meeting to be held in 2012.

SUPPLEMENTARY PROVISIONS

Article 1. (Transitional Measures concerning the Electronic Provision of Information for Shareholders' Meetings)

1. The amendments to Article 21 of these Articles of Incorporation shall become effective as of 1 September 2022.

2. Notwithstanding the provision of the preceding paragraph, Article 21 of these Articles of Incorporation before the amendments shall remain in effect for any shareholders' meeting held on a date within six months from 1 September 2022.

Amendment or Cancellation

1. Established	20 September 2011
2. Amended	6 August 2012
3. Amended	25 June 2013
4. Amended	10 September 2013
5. Amended	24 June 2015
6. Amended	23 June 2016
7. Amended	21 June 2018
8. Amended	23 June 2022