

A. WAIVERS

We have applied for, and have been granted, the waivers (other than the automatic waivers and the common waivers under the Joint Policy Statement) on the basis of circumstances which are specific to us. We will notify the Hong Kong Stock Exchange as soon as practicable in the event of any changes in Japanese laws and regulations which form the basis of the waivers (other than the automatic waivers and common waivers under the Joint Policy Statement) being applied for.

A. AUTOMATIC WAIVERS

<u>Relevant Rule waived</u>	<u>Subject matter</u>
Rule 3.17	Compliance with the provisions regarding dealings in securities by directors in the Model Code in Appendix 10 to the Listing Rules
Rules 3.21 to 3.23	Requirement to establish an audit committee (subject to conditions set out in the section headed “Directors and Senior Management — Board of Statutory Auditors” in the Listing Document)
Rules 3.25 to 3.27	Requirement to establish a remuneration committee
Rules 3.28, 3.29 and 8.17	Requirements with respect to having a Hong Kong qualified company secretary
Rules 4.06 and 4.07	Contents of accountants’ reports for notifiable transaction circulars
Chapter 7	Requirements relating to methods of listing (limited to issues outside the Hong Kong Stock Exchange’s markets)
Rule 8.09(4)	Market capitalization requirements of options, warrants and other similar rights (limited to issues outside the Hong Kong Stock Exchange’s markets)
Rule 8.18	Requirements for issues of options, warrants and other similar rights (limited to issues outside the Hong Kong Stock Exchange’s markets)

Relevant Rule waived	Subject matter
Rules 10.05, 10.06(2)(a) to (c), 10.06(2)(e), 10.06(4), 10.06(5), 10.07, 10.08 and 13.31(1)	Certain dealing restrictions and publication requirements relating to share repurchases and disposals and issues of securities (waivers from all such rules except Rules 10.07 and 10.08 are limited to an issuer that has confirmed with the SFC that it should not be considered a Hong Kong public company for the purpose of compliance with the Takeovers Code —see “Appendix V — Waivers — B. Additional Waivers Obtained — Ruling that We Are Not a Public Company in Hong Kong under the Takeovers Code” of the Listing Document for details)
Rules 13.11 to 13.23	Certain specific public disclosure requirements (waiver from Rule 13.23(2) relating to compliance with Takeovers Code is limited to an issuer that has confirmed with the SFC that it should not be considered a Hong Kong public company for the purpose of compliance with the Takeovers Code — see “Appendix V — Waivers — B. Additional Waivers Obtained — Ruling that We Are Not a Public Company in Hong Kong under the Takeovers Code” of the Listing Document for details)
Rule 13.25A	Next day disclosure requirements for changes in share capital
Rule 13.27	Disclosure requirements relating to convertible equity securities (limited to issues outside the Hong Kong Stock Exchange’s markets)
Rules 13.28 to 13.29	Disclosures relating to issues under a general mandate
Rules 13.37 to Rule 13.38	Certain matters relating to the publication of notices of AGMs and the appointment of proxies
Rules 13.39(1) to (7) and 13.40 to 13.42	Shareholder meeting requirements (waivers from Rule 13.39(6) and (7) relating to independent board committee and independent financial adviser appointment are limited to cases other than where a spin-off proposal requires approval by shareholders of the parent — see also Rules 13.80 to 13.87, Practice Note 15 and Appendices 21 and 22)
Rules 13.44 to 13.45	Board meeting requirements
Rules 13.47, 13.48(2) and 13.49	Publication requirements for an issuer’s annual and interim reports and accounts

Relevant Rule waived	Subject matter
Rules 13.51(1), 13.51(2), 13.51B and 13.51C	Notification requirements relating to changes to articles of association, directors and various other changes (waiver from Rule 13.51(2) relating to notification of changes of directors is subject to the limitation that each new director or member of its governing body must sign and lodge with the Hong Kong Stock Exchange, as soon as practicable, a declaration and undertaking in Form B of Appendix 5 to the Listing Rules)
Rules 13.52(1)(b) to (d), 13.52(1)(e)(i), (ii) and (iv) and 13.52(2)	Pre-vetting of circulars and announcements (waiver from Rule 13.52(1)(e)(iv) relating to pre-vetting of circulars and announcements for various transactions requiring shareholders' approval is limited to issues outside the Hong Kong Stock Exchange's markets)
Rule 13.67	Requirement to adopt rules governing dealings by directors no less exacting than those in the Model Code for directors' dealings
Rule 13.68	Shareholders' approval of directors' service contracts
Rule 13.74	Disclosure of directors' details in a notice or circular
Rules 13.80 to 13.87	Independent financial adviser requirements (limited to cases other than where a spin-off proposal requires approval by shareholders of the parent — see also Rules 13.39(6) and (7), Practice Note 5 and Appendices 21 and 22)
Rule 13.88	Appointment and removal of auditors
Rules 13.89 and 13.91	Compliance with the Corporate Governance Code in Appendix 14 and Environmental, Social and Governance Reporting Guide in Appendix 27
Chapter 14	Notifiable transactions
Chapter 14A	Connected Transactions
Chapter 15	Certain matters relating to options, warrants and similar rights (limited to issues outside the Hong Kong Stock Exchange's markets)

Relevant Rule waived	Subject matter
Chapter 16	Certain matters relating to convertible equity securities (limited to issues outside the Hong Kong Stock Exchange's markets)
Chapter 17	Certain matters relating to share option schemes
Practice Note 4	Issues of new warrants to existing warrant holders (limited to issues outside the Hong Kong Stock Exchange's markets)
Practice Note 15 (excluding paragraph 3(c))	Rules relating to spin-off listings (limited to circumstances where the spun-off assets or businesses are not to be listed on the Hong Kong Stock Exchange's markets and the approval of shareholders of the parent is not required)
Paragraphs 1(1), 1(2), 1(3), 2(1), 3(1), 3(2), 4(1), 4(2), 4(4), 4(5), 5, 6(1), 6(2), 7(1), 8, 9, 10(1), 10(2), 11(1), 11(2) and 13(1) of Appendix 3	Requirements relating to constitutional documents
Appendix 10	Mode Code for Securities Transactions by Directors of Listed Issuers
Appendix 14	Corporate Governance Code and Corporate Governance Report
Appendix 15	Bank Reporting
Appendix 16	Certain disclosure requirements for financial statements to be included in certain reports, documents and circulars of an issuer
Appendix 21	Independent Financial Adviser's independence declaration (except in cases where a spin-off proposal requires approval by shareholders of the parent — see also Practice Note 15)
Appendix 22	Independent Financial Adviser's undertaking (except in cases where a spin-off proposal requires approval by shareholders of the parent — see also Practice Note 15)
Appendix 27	Environmental, Social and Governance Reporting Guide

B. ADDITIONAL WAIVERS OBTAINED

<u>Relevant Rule waived</u>	<u>Subject matter</u>	<u>Page No.</u>
Rule 2.07A	Corporate communications	7
Rules 3.10(2) and 3.11	Appointment of independent non-executive directors	7
Rules 4.01(1), paragraph 37 of Appendix 1E and paragraph 27(1) of Appendix 1F	(no longer applicable)	
Rule 9.09	Dealing in securities by connected persons during a listing application process	10
Rule 11.18	Requirements with respect to profit forecasts	11
Rule 13.25B	Monthly return	11
Rule 13.36	Pre-emptive rights (including general mandate requirements)	12
Rule 13.46(2)(a)	Distribution of annual report and accounts	12
Rule 13.70	Announcement of nomination of directors	14
Rule 13.73	Notification to shareholders of certain events	15
Rule 19B.21	Cancellation of HDRs upon repurchase	15
Paragraph 26 of Appendix 1E and paragraph 20 of Appendix 1F	Disclosure requirements in respect of changes to share capital	17
Paragraph 27 of Appendix 1E	Disclosure requirements in respect of share options	17
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Paragraphs 2(2), 4(3), 7(2), 12, 13(2) and 14 of Appendix 3	Requirements relating to constitutional documents	19
Practice Note 5, paragraph 45(2) of Appendix 1E and paragraph 34(2) of Appendix 1F	Disclosure of interests information	21
Hong Kong Stock Exchange's Guidance Letters		
Revised Guidance Letters GL37-12 and GL38-12	Disclosure requirements in respect of indebtedness and liquidity	22
Takeovers Code		
Section 4.1 of the Takeovers Code	Provides the definition of a "public company in Hong Kong", to which the Takeovers Code applies	23

Securities and Future Ordinance

Part XV of the Securities and Futures Ordinance Disclosure of interests

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CORPORATE COMMUNICATIONS

Electronic Means

Rule 2.07A of the Listing Rules provides that a listed issuer may send or otherwise make available to the relevant holders of its securities any corporate communication by electronic means, provided that the listed issuer has previously received from each of the relevant holders of its securities an express, positive confirmation in writing or the shareholders of the listed issuer have resolved in a general meeting that the listed issuer may send or supply corporate communications to shareholders by making them available on the listed issuer's own website or the listed issuer's constitutional documents contain provision to that effect, and in each case, certain conditions are satisfied.

We have applied for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 2.07A of the Listing Rules on the following bases:

- the current legal and regulatory requirements we are subject to in Japan allow us to use electronic means for the issue of all Japanese corporate communications, with certain limited exceptions. Accordingly, we do not currently produce or send out any corporate communications to our Shareholders (with the exception of convocation notices of Shareholders' meetings) in printed form. Instead, we issue all corporate communications by making an announcement on the TSE and/or publishing a notice on our website;
- it would be impracticable for us to seek approval from each of our Shareholders to enable us to issue electronic communications given our diverse shareholder base and the number of countries in which our Shareholders reside; and
- we intend to publish TSE announcements as announcements on the Hong Kong Stock Exchange's website.

The waiver from strict compliance with the requirements under Rule 2.07A of the Listing Rules has been granted to us on the following conditions:

- we will issue all future corporate communications (including convocation notices for Shareholders' meetings) on our website in Japanese, English and Chinese and on the Hong Kong Stock Exchange's website in both English and Chinese;
- we will provide printed copies of our convocation notices to our Shareholders (in Japanese) and HDR Holders (in English and Chinese);
- we will publish a notice on the front page of our English and Chinese web pages whenever new corporate communications are issued; and
- we will provide HDR Holders after the Secondary Listing with an option to request that we send electronic copies of corporate communications (including convocation notices) in English and Chinese to the e-mail address provided by the HDR Holder as soon as practicable after the corporate communications have been published.

BOARD COMPOSITION

Rule 3.10(2) of the Listing Rules requires that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise.

Rule 3.11 of the Listing Rules provides, among other things, that an issuer shall immediately inform the Hong Kong Stock Exchange and publish an announcement if at any time it has failed to meet the requirement set out in Rule 3.10(2) of the Listing Rules regarding qualification of the independent non-executive directors, and that an issuer must appoint an independent non-executive director to meet the requirement set out in Rule 3.10(2) of the Listing Rules within three months after failing to meet the requirement.

We have applied for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rules 3.10(2) and 3.11 (in respect of our compliance with Rule 3.10(2)) of the Listing Rules such that:

- we will not need to appoint an independent non-executive director having appropriate professional qualifications or accounting or related financial management expertise; and
- we will not need to inform the Hong Kong Stock Exchange and publish an announcement if we fail to meet the requirement under Rule 3.10(2) of the Listing Rules, or appoint an independent non-executive director to meet the requirement set out in Rule 3.10(2) of the Listing Rules within three months after failing to meet such requirement,

as long as we have appointed a Statutory Auditor who has appropriate professional qualifications or accounting or related financial management expertise.

The waivers from strict compliance with the requirements under Rules 3.10(2) and 3.11 (in respect of our compliance with Rule 3.10(2)) of the Listing Rules have been granted to us on the following bases:

- the independence requirements with respect to, and the role played by, our Company's Board of Statutory Auditors are broadly commensurate with those under the Listing Rules;
- it would be inefficient and unduly burdensome for us to have to select a new independent non-executive Director and convene a Shareholders' meeting to appoint such Director within three months as required under the Listing Rules;
- the Companies Act requires disclosures to be made in the convocation notices to Shareholders of certain objective criteria and specified matters relevant to the appointment of directors and statutory auditors, so that the appointment is considered and made, on merit, against these objective criteria and relevant factors. These include, among other things, any material interests that the proposed Directors or Statutory Auditors have in us;
- we believe that the various requirements that we are subject to in Japan offer a level of protection to Shareholders that is at least commensurate with that offered by the Listing Rules and that the Shareholders are adequately protected through the Statutory Auditors system. See the section headed "Directors and Senior Management — Board of Statutory Auditors" in the Listing Document.

The waiver from strict compliance with the requirements under Rule 3.10(2) of the Listing Rules has been granted to us on the following conditions:

- we undertake to have at least one Statutory Auditor having the relevant professional qualification or accounting or related financial management expertise required under Rule 3.10(2) of the Listing Rules in addition to the requisite number of independent non-executive directors under the Listing Rules; and

- the independent non-executive directors would take into account the views of the Statutory Auditors in making any decisions in relation to the Company's affairs.

The waiver from strict compliance with the requirements under Rule 3.11 (in respect of our compliance with Rule 3.10(2)) of the Listing Rules has been granted to us on the following conditions that in the event we fail to meet the condition imposed for the waiver from Rule 3.10(2) of the Listing Rules (i.e., the undertaking to have at least one Statutory Auditor having the relevant professional qualification or accounting or related financial management expertise):

- we will immediately inform the Hong Kong Stock Exchange and make an announcement on the Hong Kong Stock Exchange's website; and
- we will appoint a Statutory Auditor or an independent non-executive director having the relevant professional qualification or accounting or related financial management expertise required under Rule 3.10(2) within three months from the date of non-compliance.

BASIS OF PREPARATION OF ACCOUNTANTS' REPORT

We have applied for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rules 4.01(1), Paragraph 37 of Appendix 1E and Paragraph 27(1) of Appendix 1F of the Listing Rules so that we could publish our financial statements in accordance to the Generally Accepted Accounting Principles in Japan ("**JGAAP**") subsequent to listing. Given that we announced a change of accounting policy from JGAAP to International Financial Reporting Standards ("**IFRS**") on July 10, 2014 and that we will adopt IFRS in preparation of the Group's consolidated financial statements commencing with the financial year ending August 31, 2014, the waiver obtained with respect to Rules 4.01(1), Paragraph 37 of Appendix 1E and Paragraph 27(1) of Appendix 1F of the Listing Rules is no longer applicable.

DEALING IN SECURITIES BY CONNECTED PERSONS DURING A LISTING APPLICATION PROCESS

Under Rule 9.09 of the Listing Rules, from four clear Business Days before the expected date on which the Listing Committee hearing is held to consider a company's listing application until listing is granted, there must be no dealing in the securities for which listing is sought by any of the Company's connected persons.

Under the Joint Policy Statement, this common waiver is subject to the following conditions:

- (a) the connected person(s):
 - (i) have no influence over the IPO process;
 - (ii) are not in possession of non-public inside information; and
 - (iii) can conduct dealings in the issuer's securities on markets outside the Hong Kong Stock Exchange that cannot be controlled by the issuer (e.g. a public investor who may become a substantial shareholder before the issuer lists on the Exchange or connected persons at the subsidiary level);
- (b) the issuer promptly releases any inside information to the public in its overseas jurisdiction(s) in accordance with the relevant laws and regulations; and
- (c) the issuer notifies the Hong Kong Stock Exchange of breaches of the dealing restriction by any of its connected persons during the restricted period.

On the grounds and subject to the conditions set out below, we have applied for, and the Hong Kong Stock Exchange has granted us, such common waiver in respect of any dealing by any Shareholder (other than the existing Directors and their associates):

- (a) the connected persons of the Company (other than the existing Directors and their associates) have no influence over the Listing process. As at the Latest Practicable Date, so far as we are aware, Mr. Tadashi Yanai, who is also a Director, was the only substantial Shareholder within the meaning of the Listing Rules;
- (b) we have not and will not disclose any price-sensitive information to any potential or actual substantial Shareholders (other than those who are privy to such information by virtue of being a Director or directly involved in the relevant subject matter, such as Mr. Tadashi Yanai who is a Director, as noted in the preceding paragraph (a) above);
- (c) given that the Shares are publicly traded on the TSE, we are not in a position to control dealings in the Shares by any other person (whether or not an existing Shareholder) or their associates who may, as a result of such dealing, become a substantial Shareholder within the meaning of the Listing Rules;
- (d) we agree that we will promptly release any inside information to the public in Japan in accordance with the relevant laws and regulations;
- (e) we agree that we will notify the Hong Kong Stock Exchange of any breaches of the dealing restrictions by any of our connected persons during the restricted period when we become aware of the same;

- (f) prior to the Listing Date, our Directors and their associates have not dealt in the Shares from four clear business days before the date of the Listing Committee hearing on the Company's listing application and will not deal in the Shares until listing is granted; and
- (g) after the Listing Date, in the event that an application is made by us for listing of any of our securities on the Hong Kong Stock Exchange, our Directors and their associates will not deal in the Shares from the time of submission of the formal application for listing until listing is granted.

REQUIREMENTS WITH RESPECT TO PROFIT FORECASTS

Pursuant to Rule 11.18 of the Listing Rules, a profit forecast appearing in a listing document (other than one supporting a capitalization issue) should normally cover a period which is coterminous with the issuer's financial year-end. If, exceptionally the profit forecast period ends at a half year-end the Stock Exchange will require an undertaking from the issuer that the interim report for that half year will be audited. Profit forecast periods not ending on the financial year end or half year-end will not be permitted.

As noted in the section headed "Disclosure of Financial Guidance" in the Listing Document, the Financial Guidance provided in "Appendix III — Financial Guidance" in the Listing Document was not prepared specifically for the purposes of the Secondary Listing and was prepared in accordance with the TSE best practice guidelines, market practice of Japanese-listed companies and our past practice. There is no requirement for quarterly or interim financial statements in Japan to be audited. However, our Reporting Accountants will review the Company's interim financial statements for the period ending February 28, 2014 in accordance with the International Standard on Review Engagements 2410. As a listed company in Japan, the Company has adopted stringent internal control systems pursuant to the requirements of J-SOX.

In light of the above, we have applied for, and the Hong Kong Stock Exchange has granted us, a waiver from Rule 11.18 of the Listing Rules.

MONTHLY RETURN

Rule 13.25B of the Listing Rules requires a listed issuer to, by no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the fifth business day next following the end of each calendar month, submit through HKEx-EPS, or such other means as the Hong Kong Stock Exchange may from time to time prescribe, for publication on the Hong Kong Stock Exchange's website a monthly return in relation to movements in the listed issuer's equity securities, debt securities and any other securitized instruments, as applicable, during the period to which the monthly return relates, in such form and containing such information as the Hong Kong Stock Exchange may from time to time prescribe (irrespective of whether there has been any change in the information provided in its previous monthly return).

Under the Joint Policy Statement, this common waiver is subject to the condition that the issuer can meet one of the following three conditions:

- (i) it has received a relevant partial exemption from Part XV of the SFO; or
- (ii) it publishes a "next day disclosure" in strict compliance with Rule 13.25A of the Listing Rules, regardless of the waiver of general effect from this Rule for secondary listed issuers; or
- (iii) it is subject to overseas laws or regulations that have a similar effect to Rule 13.25B of the Listing Rules and any differences are not material to shareholder protection.

We have applied for, and the SFC has granted us, a relevant partial exemption from Part XV of the SFO. On this basis, we have applied for, and the Hong Kong Stock Exchange has granted us, a waiver from Rule 13.25B of the Listing Rules.

PRE-EMPTIVE RIGHTS (INCLUDING GENERAL MANDATE REQUIREMENTS)

Rule 13.36 of the Listing Rules provides that the directors of an issuer must obtain the consent of the issuer's shareholders in a general meeting prior to allotting, issuing or granting any shares (or any securities convertible into shares or any options, warrants or similar rights to subscribe for any shares or such convertible securities). However, no such consent is required if the allotment, issuance or grant is made (i) pursuant to a share offering made to existing shareholders on a pro rata pre-emptive basis or (ii) pursuant to a general mandate granted by shareholders limited to an aggregate number of securities not exceeding 20% of the existing issued share capital of the issuer (plus, if applicable and separately approved by shareholders, the number of securities repurchased by the issuer since the granting of the mandate up to a maximum of 10% of the existing share capital of the issuer).

Under the Joint Policy Statement, a common waiver from the requirements under Rule 13.36 of the Listing Rules is subject to the condition that all offers of securities the issuer makes to its shareholders must be on a fair and equal basis and must not exclude Hong Kong shareholders.

There is no concept of pre-emptive rights (as defined in the Listing Rules) under Japanese law. A Japanese company may issue Shares or SARs or dispose its Treasury Stock by public offering without approval of its shareholders. In addition, Articles 199 and 201(1) of the Companies Act allow the board of directors of an issuer of a Japanese company to issue and allot its Shares or SARs to specific persons (whether or not they are shareholders) ("**Third Party Allotment**"), subject to applicable pre-filing and disclosure obligations of any Third Party Allotment and the terms of the allotment being not especially favorable to the proposed allottees. See "Appendix IV — Part A. Summary of Japanese Legal and Regulatory Matters — 20. Third Party Allotment" of the Listing Document for details.

On the basis that the Companies Act, the FIEA and the TSE Listing Regulations together provide significant protection to shareholders of companies listed on the TSE with regard to a Third Party Allotment (including, but not limited to, the requirement for an independent opinion on the necessity and suitability of a Third Party Allotment or Shareholders' approval prior to a Third Party Allotment and relevant disclosure requirements with respect to a Third Party Allotment), we have applied for, and the Hong Kong Stock Exchange has granted us, a common waiver from strict compliance with Rule 13.36 of the Listing Rules on the condition that all offers of securities that we extend to all of our Shareholders must be on a fair and equal basis and must not exclude the Shareholders in Hong Kong and the HDR Holders.

DISTRIBUTION OF ANNUAL REPORT AND ACCOUNTS

Rule 13.46(2)(a) of the Listing Rules provides that an overseas issuer shall send to every member of the issuer and every other holder of its listed securities a copy of either its annual report including its annual accounts or its summary financial report, not less than 21 days before the date of the issuer's annual general meeting and in any event not more than four months after the end of the financial year to which they relate.

In Japan, a company established under the Companies Act is required to prepare financial documents in accordance with the Companies Act accounting rules and a company listed in Japan is also required to prepare financial information in accordance with the FIEA for potential investors. Before the AGM, we are required by the Companies Act to prepare our audited annual financial report and send it together with a business report to our Shareholders as part of the convocation notice for the AGM. Similar

to the practice in Hong Kong, such audited annual financial report has to be approved by the Board of Directors and will be sent to shareholders in the convocation notice. In addition, as a company listed on the TSE, we are required to prepare financial information in accordance with the FIEA for disclosure to potential investors in our annual securities reports and quarterly securities reports which are filed with the Local Finance Bureau and made public on the EDINET system. Further, such financial information required by the FIEA are publicized through disclosure requirements under the TSE Listing Regulations such as the preliminary announcement.

We must convene our AGM within three months after the day following the last day of each financial year. Given the short period of time between our financial year end and our AGM, we, in conformity with Japanese practice, issue a convocation notice to our Shareholders around early or mid-November which includes the audited financial report and the business report referred to above.

In light of the above disclosure arrangement, we are of the view that Japanese Shareholders, and the HDR Holders following the Secondary Listing, will not be unduly prejudiced owing to the extensive financial information provided by us in compliance with Japanese law. In addition to the audited financial report provided in the convocation notice published at least 14 days before the AGM, and the annual securities report which is published within three months of the financial year end, we also publish our results on a quarterly basis, which is more frequently than most Hong Kong listed companies.

As stated above, Japanese companies are required to hold their AGM within three months of their financial year end. As such, if we are required to comply Rule 13.46(2)(a) of the Listing Rules, we would have one month less than Hong Kong incorporated companies to produce our annual report, or two months and seven days opposed to three months and seven days when the 21 day notice period is applied. Meanwhile, we are required to prepare and issue, no later than 14 days before the AGM, a convocation notice (which includes a business report and the audited financial report prepared under IFRS and Japanese law if issued to Shareholders or a reference to a URL link where these documents may be electronically accessed if issued to HDR Holders). Further, we are also required to prepare our annual securities report within three months after the end of a financial year. Although we would be comfortable to comply with either the Japanese or the Hong Kong rules, it would be onerous, burdensome and practically difficult for us to comply the requirements in both markets at the same time as the two systems are designed for different reporting timeframes. Further, the limited additional benefit for the investors to receive reports prepared under both requirements would not justify the incremental costs incurred for such compliance.

The fundamental objective and principle of Rule 13.46(2)(a) of the Listing Rules is to ensure that shareholders and investors of a listed company are informed on a timely basis the annual financial and business operation results before the AGM. As required by the Companies Act and other relevant Japanese laws, the convocation notice of our Company would provide a business report and an audited financial report.

The business report would include overview of our key business status, such as, the progress and results of the business, capital expenditures and fund-raising, trends in assets and profit/loss in the most recent three fiscal years, corporate reorganizations, status of major subsidiaries, shares outstanding and major shareholders, share subscription rights, operation systems, and a status update of other important aspects of the business.

The audited financial report in the convocation notice includes material annual financial information such as the auditors' report and opinion, the consolidated statement of income, consolidated balance sheet, consolidated statement of changes in net assets, and notes to the consolidated financial

statements, and the same for the statements of our Company and of the Group on a consolidated basis, respectively.

We also noted the differences in specific disclosure requirements between the audited financial report in the convocation notice and the summary financial report required by Rule 13.46(2)(a). Although there are certain differences, both reports include sufficient information for investors to assess the material aspects of the financial results of the Group such as the auditor's opinion, consolidated income statement and balance sheet, consolidated statements of assets, notes to the statements, etc. We are of the view that despite the differences, both reports would be sufficient to provide shareholders with all material information about the annual financial performance of the Group before the AGM.

We have applied for, and the Hong Kong Stock Exchange has granted us, a waiver from Rule 13.46(2)(a) of the Listing Rules such that the business report and the audited financial report prepared under IFRS and Japanese law which is largely similar to our summary financial report that is required under Rule 13.46(2)(a) of the Listing Rules may be sent to the Shareholders and the HDR Holders through the Depository not less than 14 days before the date of the AGM.

ANNOUNCEMENT OF NOMINATION OF DIRECTORS

Rule 13.70 of the Listing Rules requires that an issuer publish an announcement or issue a supplementary circular upon receipt of a notice from a shareholder to propose a person for election as a director at the general meeting where such notice is received by the issuer after publication of the notice of meeting. The Note to Rule 13.70 of the Listing Rules further provides that the issuer must assess whether or not it is necessary to adjourn the meeting of the election to give shareholders at least 10 business days to consider the relevant information disclosed in the announcement or supplementary circular.

Under Article 304 of the Companies Act, a shareholder is permitted to propose an amendment to the matters included in an existing agenda of a shareholders' meeting without any prior notice if such an agenda is scheduled to be discussed and determined at such a shareholders' meeting. The matters included in the agenda may be amended and shareholders may propose a person for election as a director at any time before the relevant shareholders' meeting or even at the meeting, if the original agenda proposed the appointment of a new director, or directors, to the board of directors of the company. It is therefore not practicable for us to comply with Rule 13.70 of the Listing Rules to publish an announcement or issue a supplementary circular upon receipt of a notice from any of the Shareholders to propose a person for election as a Director, or to adjourn the shareholders' meeting to give our Shareholders at least 10 business days to consider the relevant information. On such basis, we have applied for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rule 13.70 of the Listing Rules on the conditions that:

- we will make an announcement to inform our Shareholders of the amended agenda on our website (in English and Japanese), as long as it is made before the date of the relevant general meeting; and
- we will publish the above announcement on the Hong Kong Stock Exchange's website in English and Chinese.

NOTIFICATION TO SHAREHOLDERS OF CERTAIN EVENTS

Rule 13.73 of the Listing Rules requires that in addition to any direction of the court, an issuer shall ensure that notice of every meeting of its shareholders or its creditors concerning the issuer (e.g. for winding up petitions, schemes of arrangement or capital reduction) is published in accordance with Rule 2.07C. The issuer shall dispatch a circular to its shareholders at the same time as (or before) the issuer gives notice of the general meeting to approve the transaction referred to in the circular. The issuer shall also provide its shareholders with any material information on the subject matter to be considered at a general meeting that comes to the directors' attention after the circular is issued by way of supplementary circular or announcement not less than 10 business days before the date of the relevant general meeting to consider the subject matter.

Under the Joint Policy Statement, this common waiver is subject to the condition that we are subject to overseas laws or regulations that have a similar effect (i.e., that notices are provided to Hong Kong shareholders) and any differences are not material to shareholder protection.

The TSE Listing Regulations and the FIEA require a listed company to make public disclosure of any material decisions that it makes with regard to its corporate actions (including winding up, execution of a merger agreement and capital reduction). In addition, if such transactions require a shareholder resolution at a shareholders' meeting, a listed company is required to dispatch a convocation notice to its shareholders at least two weeks prior to the date of such shareholders meeting. There will be no circumstances under which a Shareholders' meeting will be held without prior convocation notice being given to the Shareholders or the HDR Holders through the Depositary. Details of such transactions are required to be included in the relevant public disclosures made by the listed company and the convocation notice given by the listed company. In so far as it relates to creditors, the Companies Act requires certain procedures to be followed to ensure that the interests of creditors of a listed company are protected in certain events such as capital reduction or corporate reorganization by a listed company. A listed company is required to issue a notice to each creditor and/or issue a public notice at least one month prior to the effective date of any such events so that the creditors are made aware of such events. If any of the creditors objects to any such events, they may request the listed company to pay its receivables or provide a sufficient collateral, except for the situation where such events do not affect the company's ability to pay the relevant receivables. The requirements under the TSE Listing Regulations and the FIEA are broadly comparable to the requirements under Rule 13.73 of the Listing Rules and any differences are not material to shareholder protection. It would be unduly burdensome or inefficient for us to be subject to similar sets of requirements for notification to shareholders and creditors in such circumstances.

We have applied for, and the Hong Kong Stock Exchange has granted us, a common waiver from compliance with Rule 13.73 of the Listing Rules.

CANCELLATION OF HDRS UPON REPURCHASE

Rule 19B.21 of the Listing Rules provides that if depositary receipts are purchased by the listed issuer, it shall surrender the purchased depositary receipts to the depositary. The depositary shall then cancel the surrendered depositary receipts and shall arrange for the shares represented by the surrendered depositary receipts to be transferred to the issuer and such shares shall be cancelled by the issuer.

Under the Book-Entry Act, Japanese listed companies are unable to issue physical share certificates in relation to listed shares. Japan operates a fully scripless clearing and settlement regime for transfers in

securities and all shares in the Company are presently held in uncertificated form. Further, the conditions and process for the cancellation or destruction of any HDRs that are purchased by us should also reflect the statutory position in Japan.

We have the ability to hold any Treasury Stock that it repurchases in treasury pursuant to Article 155 of the Companies Act and may dispose of such Treasury Stock, subject to the same rules that apply to an issuance of new Shares by it and in accordance with Article 199 of the Companies Act. Certain restrictions are in place in relation to the manner in which we may acquire Treasury Stock, and the rights of the Treasury Stock with respect to other Shares of the Company in issue. Under paragraph 1(ii) and (iii) of Article 461 of the Companies Act, the total value of Treasury Stock acquired by a company at any one time may not exceed the distributable amount of profits that such company has as at the date of such acquisition, although the Companies Act does not place a limit on the aggregate number of Treasury Stock being held by a Japanese company. Treasury Stock do not grant us the right to (i) vote at Shareholders' meetings; (ii) receive any dividend distributed; or (iii) any entitlement to any distribution rights that may be attributable to other Shareholders.

As at August 31, 2013, we held 4,177,164 Shares as Treasury Stock. We may dispose of Treasury Stock to any person, subject to a resolution of the Board of Directors, at such times and on such terms as the Board of Directors may determine, so long as the price of the re-issued Shares is not "especially favorable" to subscribers of the Shares. If the price of the re-issued Shares is "especially favorable", a special resolution of the general meeting of Shareholders is required. Under the TSE Listing Regulations, Treasury Stock held by Japanese listed companies are not delisted on their acquisition, but remain as listed securities of the relevant company. Thus, if we were to decide to offer any Treasury Stock, it would not be necessary to apply to the TSE for the re-listing of such Treasury Stock. However, when we offer our Treasury Stock for sale, we are required to comply with the same rules that apply to the issuance of new Shares, which requires, amongst other matters, a Board resolution approving the terms of such sale and publication of notice at least 14 days prior to the closing date of such sale.

We have applied for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rule 19B.21 of the Listing Rules to the extent that (i) the depositary shall not be required to arrange for any physical transfer of Shares to the Company for cancellation; and (ii) we shall have the ability to hold any Shares that it repurchases as Treasury Stock. As part of this waiver application, we have agreed with the Hong Kong Stock Exchange a list of modifications to a number of provisions under the Listing Rules which are necessary to enable us to hold our current and future Treasury Stock. For the full list of those modifications, see Appendix VI of the Listing Document.

The waiver has been granted to us on the following conditions:

- we will comply with the Companies Act in relation to the Treasury Stock and inform the Hong Kong Stock Exchange as soon as practicable in the event of any failure to comply with any waivers granted;
- we will inform the Hong Kong Stock Exchange as soon as practicable of any substantial change being made to the Treasury Stock regime in Japan;
- we will confirm our compliance with the conditions of this waiver in our subsequent annual reports and any convocation notice for Shareholders' meetings seeking Shareholders' approval of any share repurchase;

- we will comply with the relevant provisions in the event of any change in the regulatory regime and the Listing Rules regarding Treasury Stock in Hong Kong (subject to any waiver which may be sought by the Company); and
- we will provide an annual submission to the Hong Kong Stock Exchange regarding any further consequential modifications to the Listing Rules as a result of any changes in the Listing Rules or other applicable laws and regulations, and will have them agreed with the Hong Kong Stock Exchange in advance.

DISCLOSURE REQUIREMENTS IN RESPECT OF CHANGES TO SHARE CAPITAL

Paragraph 26 of Appendix 1E and paragraph 20 of Appendix 1F of the Listing Rules require a prospective issuer to include particulars of any alterations in the capital of any member of the group within the two years immediately preceding the issue date of a listing document.

We have applied for, and the Hong Kong Stock Exchange has granted us, a waiver from compliance with paragraph 26 of Appendix 1E and paragraph 20 of Appendix 1F of the Listing Rules on the following bases:

- as we have approximately 100 subsidiaries in 21 different jurisdictions it is unduly burdensome for us to procure this information, which would not be material or meaningful to investors. By way of illustration, for the financial year ended August 31, 2013, the unaudited aggregate revenue of the principal operating subsidiaries in respect of which the relevant information is disclosed represents approximately 90% of the Group's total revenue. Accordingly, the remaining subsidiaries in the Group are insignificant to the overall results of the Group; and
- we have included particulars of changes in the share capital of the Company and the principal operating subsidiaries (which sales on an individual basis exceeds 5% of the Group's total sales and in aggregate contribute at least 70% of the Group's revenue for the last financial year), rather than all members of the Group, which can be found in "Appendix VII — Statutory and General Information — 4. Changes in Share Capital of our Major Subsidiaries" of the Listing Document. The principal operating subsidiaries in respect of which the particulars of changes in the share capital have been provided are those subsidiaries which, in the opinion of the Directors, principally affect the results, assets or liabilities of the Group and are consolidated by the Group in the preparation of the Group's financial statements in accordance with IFRS. Such principal operating subsidiaries include all of our subsidiaries whose sales on an individual basis exceed 5% of the Group's total sales for the financial year ended August 31, 2013 and other operating subsidiaries which, in the opinion of our Directors, also principally affect the results, assets or liabilities of the Group. For future listing documents issued by us, we will similarly include the particulars of changes in our share capital and the share capital of our subsidiaries whose sales on an individual basis exceed 5% of the Group's total sales for the last financial year and of such other operating subsidiaries which, in the opinion of our Directors, also principally affect the results, assets or liabilities of the Group and that such principal operating subsidiaries would in aggregate contribute at least 70% of the total revenue of the Group for the last financial year.

DISCLOSURE REQUIREMENTS IN RESPECT OF SHARE OPTIONS

Under paragraph 27 of Appendix 1E of the Listing Rules, the Listing Document is required to include details of any capital of any member of the Group which is under option, or agreed conditionally or unconditionally to be put under option.

Full compliance with the relevant requirements would be unduly burdensome and that the waiver and the exemption will not prejudice the interests of the investing public as (i) only one grantee of the Stock Options is a Statutory Auditor and eight grantees of the Stock Options are our senior management members, and the remaining 943 of 952 grantees of the Stock Options are neither our or our subsidiaries, directors, Statutory Auditors, nor members of senior management (as at December 31, 2013); (ii) the grants of such Stock Options are highly sensitive and confidential among the grantees as they were granted on the basis of performance and contribution of each grantee; (iii) the Personal Information Protection Act prohibits us from disclosing personal data of such grantees without their prior consent; (iv) as our proposed listing amounts to “unpublished material information that would have a substantial effect on investment decisions” under Japanese insider trading regulations, if we seek the consent of each grantee (including, for example, the Directors of our subsidiaries) we would widen the circle of insiders who are aware of the proposed listing by disclosing such material information to these grantees, which would cause a significant risk of insider dealing in our Shares; (v) given the large number of grantees, obtaining the consent from each one of them would be extremely difficult, and even if consent was obtained from each one of them, disclosure of details of all the Stock Options would likely amount to an estimated 160 pages long, making the listing document unnecessarily lengthy and reader-unfriendly; and (vi) the grant and exercise in full of the Stock Options will not cause any material adverse change in our financial information.

The summary information relating to the Stock Options granted under the applicable resolutions in “Appendix VII — Statutory and General Information — E. Other Information — (i) Share Acquisition Rights” in the Listing Document should provide potential investors with sufficient information for them to assess these Stock Options in their respective investment decision-making process.

We have applied for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with the disclosure requirements under paragraph 27 of Appendix 1E of the Listing Rules on the following conditions:

- we will disclose in the Listing Document, for each of the SAR grantees who are our Directors, members of the senior management or Statutory Auditors, on an individual basis, all the particulars required by paragraph 27 of Appendix 1E of the Listing Rules;
- we will also disclose in the Listing Document, for the remaining grantees, on an aggregate basis, the aggregate number of Shares to be subscribed for, the exercise period of each option, the consideration paid for the options and the exercise price of the options;
- we will disclose in the Listing Document the aggregate number of Shares to be subscribed for under the SARs scheme, the percentage of our issued share capital represented by them, and the dilution effect and impact on earnings per share upon full exercise of the SARs; and
- we will make available for public inspection a full list of all our Directors, members of senior management and Statutory Auditors who have been issued the SARs with all the particulars required under paragraph 27 of Appendix 1E of the Listing Rules.

See “Appendix VII — Statutory and General Information — E. Other Information — (i) Share Acquisition Rights” in the Listing Document for the above information.

DISCLOSURE REQUIREMENTS IN RESPECT OF PENSION SCHEMES

Paragraph 33(4) of Appendix 1E to the Listing Rules requires the disclosure of certain information in respect of pension schemes in the listing document.

We have applied for, and the Hong Kong Stock Exchange has granted us, a waiver from compliance with Paragraph 33(4) of Appendix 1E to the Listing Rules on the following bases:

- neither JGAAP (which we had previously used to prepare our financial statements prior to the switch to IFRS) nor the TSE Listing Regulations require disclosure of information relating to defined benefit plans;
- only a limited number of companies within our Group had defined benefits plans as at August 31, 2013, and our aggregate obligations under those plans was immaterial to our financial condition; and
- a similar disclosure requirement on defined benefits plans with respect to results announcements and annual and interim reports under paragraph 26(5) of Appendix 16 to the Listing Rules is automatically waived under the JPS.

REQUIREMENTS RELATING TO CONSTITUTIONAL DOCUMENTS

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

We set out below the comparable shareholders protection offered under the Japanese regime in respect of each of the relevant requirements under Appendix 3 and any differences between the Japanese law requirements and the requirements under the Listing Rules.

As regards definitive certificates

Paragraph 2(2) of Appendix 3 requires that where the power is taken to issue share warrants to bearer, no new share warrant shall be issued to replace one that has been lost, unless the issuer is satisfied beyond reasonable doubt that the original has been destroyed. Our Articles contain no equivalent provision. Although we, as with all listed companies in Japan, use the JASDEC electronic settlement system for share transfers, we may issue certificates representing SARs unless they are subject to the book-entry system operated by JASDEC. Any holders of SARs who have lost certificates may not request the reissuance of their certificates until they have obtained a decision for invalidation by a court of justice in Japan as provided under Article 148(1) of the Non-Contentious Cases Procedures Act of Japan (Act No. 14 of 1898, as amended) (*hishoujiken tetsuzuki hou*), in accordance with Article 291 of the Companies Act. In view of the above, it would be onerous and unnecessary for us to amend our Articles to specifically comply with paragraph 2(2) of Appendix 3 as Shareholders are already adequately protected by the existence of Japan's scripless regime, as referred to above. Further, in respect of the HDRs, the Deposit Agreement provides the conditions and process for issuing new HDRs in the event that a HDR is lost, destroyed, stolen or mutilated in accordance with Rule 19B.16(o) of the Listing Rules. For details of this procedure, see the section headed "Listing, Terms of Depositary Receipts and Depositary Agreements, Registration, Dealings and Settlement — Terms of HDRs — Lost, Destroyed, Stolen or Mutilated HDR Certificates" in the Listing Document.

As regards Directors

Paragraph 4(3) of Appendix 3 requires that where not otherwise provided by law, the issuer in general meeting shall have power by ordinary resolution to remove any director (including a managing or other executive director, but without prejudice to any claim for damages under any contract) before the expiration of his period of office. Although the Articles contain no equivalent provisions, paragraph 1 of Article 339 of the Companies Act provides Shareholders' meetings of our Company with similar power

though this power shall be exercised by us in general meeting by special resolution (i.e. two-thirds or more of Shareholders must vote in favor of the resolution). We will notify the Hong Kong Stock Exchange in the event that the requirement under paragraph 4(3) of the Listing Rules is no longer provided by law.

As regards Notices

Paragraph 7(2) of Appendix 3 to the Listing Rules requires that an overseas issuer whose primary listing is or is to be on the Hong Kong Stock Exchange must give notice sufficient to enable members, whose registered addresses are in Hong Kong, to exercise their rights or comply with the terms of the notice. If the overseas issuer's primary listing is on another stock exchange, the Hong Kong Stock Exchange will normally be satisfied with an undertaking by the issuer to do so and will not normally request the issuer to change its articles to comply with Paragraph 7(2) of Appendix 3 to the Listing Rules where it would be unreasonable to do so. Although the Articles do not contain such a requirement, the Companies Act requires the Directors to dispatch a notice to the Shareholders no later than two weeks prior to the Shareholders' meeting. We will dispatch such notice to our Shareholders and the Depositary will dispatch such notice to the HDR Holders on the same day. See the section headed "Risk Factors — Risks relating to the Introduction, the Secondary Listing and the HDRs — HDR Holders will be reliant on the performance of several service providers. Any breach of those service providers of their contractual obligations could have adverse consequences for an investment in the HDRs" in the Listing Document.

As regards Disclosure of Interests

Paragraph 12 of Appendix 3 to the Listing Rules requires that no powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the company. The Articles do not contain any such restriction on the powers of the Company, but do not afford it the power to do so either. In practice there are no relevant provisions of the Articles or the Companies Act that would entitle the Company to take such steps.

As regards Untraceable Members

Paragraph 13(2) of Appendix 3 to the Listing Rules requires that where power is exercised to sell the shares of a member who is untraceable it will not be exercised unless (a) during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and (b) on expiry of the 12 years the issuer gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies the Hong Kong Stock Exchange of such intention. There is no equivalent restriction in the Articles. Article 197 of the Companies Act provides that in cases where notices have not reached a shareholder for five consecutive years and the shareholders of such shares have not received dividends or surplus for five consecutive years, a company shall be entitled to sell or auction the shares of such a shareholder. In exercising this right, a company is required to issue a public notice and make a demand to a shareholder or a registered pledgee of shares seeking no objection to such action at least three months before such sale or auction pursuant to Article 198 of the Companies Act. We confirm that in the event we exercise this right, public notice will be given to the Shareholders and the HDR Holders in Japan and Hong Kong and a demand will be made by us to the relevant Shareholder and by the Depositary to the relevant HDR Holder.

As regards Voting

Paragraph 14 of Appendix 3 to the Listing Rules requires that, where any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of

such requirement or restriction shall not be counted. To address the differences between the requirements under the Companies Act and the Listing Rules, we will adopt certain voluntary abstention process to approve any transaction agreement that is subject to Shareholders' approval under the provisions of the Listing Rules and in which a Shareholder has a material interest. See "Appendix IV — Summary of Legal and Regulatory Matters — Part B. Material Differences between the Hong Kong and Japanese Regimes in respect of Shareholder Protection Matters — Shareholder Protections under the Joint Policy Statement — Voting" in the Listing Document.

We have applied for, and the Hong Kong Stock Exchange has granted us, a waiver from compliance with paragraphs 2(2), 4(3), 7(2), 12, 13(2) and 14 of Appendix 3 to the Listing Rules on the basis that the protections available to holders of our Shares and HDRs are comparable to those available under the Listing Rules on the conditions that:

- we and the Sole Sponsor confirm that they are of the view that:
 - (i) the substantive differences between the Articles and paragraphs 2(2), 4(3), 7(2), 12, 13(2) and 14 (given the voluntary measures put in place by us) of Appendix 3 of the Listing Rules are not material;
 - (ii) the level of shareholder protection under the Articles, the Companies Act and the TSE Listing Regulations, and all other applicable Japanese legislation, regulation, regulatory guidance and practices taken as a whole is largely commensurate to the shareholder protection provided under paragraphs 2(2), 4(3), 7(2), 12, 13(2) and 14 (given the voluntary measures put in place by us) of Appendix 3 of the Listing Rules, and any residual differences between the Articles and Appendix 3 of the Listing Rules are prominently disclosed in the Listing Document; and
- we undertake to dispatch a notice to our HDR Holders and non-registered HDR Holders via the Depository that is consistent with the arrangement for our existing Shareholders (i.e. no later than two weeks prior to the Shareholders' meeting).

DISCLOSURE OF INTERESTS INFORMATION

Practice Note 5, paragraph 45(2) of Appendix 1E and paragraph 34(2) of Appendix 1F to the Listing Rules require the disclosure of interests information in respect of shareholders' and directors' interests to be included in the Listing Document.

Under the Joint Policy Statement, a common waiver from this requirement is subject to the conditions that the issuer must:

- (i) have received a relevant partial exemption from Part XV of the SFO;
- (ii) undertake to file with the Hong Kong Stock Exchange, as soon as practicable, any declaration of shareholding and securities transactions made to the overseas stock exchange by the directors, executive officers or substantial shareholders under relevant laws;
- (iii) disclose in present and future listing documents:
 - (a) in the same manner as required under the SFO, any such interests that were notified and published by the overseas exchange under the relevant law; and
 - (b) the relationship between its directors, officers, members of committees and their relationship to any controlling shareholder.

We have applied for, and the SFC has granted us and our Shareholders, a partial exemption from strict compliance with Part XV of the SFO (other than Divisions 5, 11 and 12 of Part XV of the SFO) in respect of disclosure of Shareholders' interests. Japanese laws and regulations require disclosure of interests by shareholders that are broadly equivalent to Part XV of the SFO. Relevant disclosure in respect of the Substantial Shareholder's interests can be found in the section headed "Substantial Shareholder" of the Listing Document. We undertake to file with the Hong Kong Stock Exchange, as soon as practicable, any declaration of shareholding and securities transactions filed with the FSA and notified to us under the FIEA (except for the Directors and the chief executive who are subject to the requirements of Part XV of the SFO and subject to the exemption of the timing requirements). For the avoidance of doubt, such undertaking relates to all large shareholder's declarations of shareholding and securities transactions filed with the FSA and notified to us under the FIEA, including regular Large Shareholder Reports made by large shareholders and simplified Large Shareholder Reports made by institutional large shareholders. The FSA and the Securities and Exchange Surveillance Commission (SESC) in Japan are responsible for monitoring and enforcing the disclosure of interest requirements in Japan that we are subject to and accordingly the filings are made with the FSA and not the TSE. We further undertake to disclose in present and future listing documents in the same manner as required under the SFO, any shareholding interests as disclosed under the Japanese laws and regulations (except for the Directors and the chief executive who are subject to the requirements of Part XV of the SFO and subject to the exemption of the timing requirements) and the relationship between our Directors, officers, members of committees and their relationship to any controlling shareholder. For the avoidance of doubt, we have disclosed the information required under paragraphs 41(4) and 45(1) of Appendix 1E and will disclose the information required under paragraphs 30 and 34(1) of Appendix 1F of the Listing Rules in respect of our Directors' and chief executive's interests. Relevant disclosure can be found in the section headed "Appendix VII — Statutory and General Information — D. Information about Directors — (iii) Disclosure of interests" of the Listing Document.

On the basis above, we have applied for, and the Hong Kong Stock Exchange has granted us, a common waiver from Practice Note 5, paragraph 45(2) of Appendix 1E and paragraph 34(2) of Appendix 1F to the Listing Rules.

See "Appendix IV — Summary of Legal and Regulatory Matters — Part B. Material Differences between the Hong Kong and Japanese Regimes in respect of Shareholder Protection Matters — Shareholder Protections in Hong Kong — Disclosure of Interests" and "Appendix V — Waivers — B. Additional Waivers Obtained — Disclosure of Interests" in the Listing Document.

THE HONG KONG STOCK EXCHANGE'S GUIDANCE LETTERS

Paragraph 32 of Appendix 1E and Paragraph 24 of Appendix 1F to the Listing Rules require the disclosure of certain information with respect to the indebtedness and liquidity of the Group in the listing document. In this regard, although it is not a formal requirement under the Listing Rules, in accordance with the Hong Kong Stock Exchange's revised Guidance Letters GL37-12 and GL38-12 (effective as of October 1, 2013), the Hong Kong Stock Exchange normally expects that the latest date for indebtedness and liquidity disclosure, including, among other things, commentary on liquidity and financial resources such as net current assets (liabilities) position and management discussion on this position, in a listing document to be dated no more than two calendar months before: (a) the date of the application proof of the listing document and (b) the final date of the listing document.

We have carried out our annual audit and disclosed information relating to our indebtedness and liquidity in our annual report as at August 31, 2013. Given the proximity of the publication of our annual report to our filing date of the application proof of the listing document, it would be unduly burdensome

and inefficient for us to obtain written confirmation from creditors to update the indebtedness statement and to arrange for similar liquidity disclosures in the application proof of the listing document.

Similar considerations apply to the preparation of the Listing Document. As the Listing Document is published in February 2014, we are required to make the relevant indebtedness and liquidity disclosures no earlier than December 31, 2013. Given that we have included a report of our interim financial information for the period ending November 30, 2013 (i.e., our first quarter financial information), which has been reviewed in accordance with International Statement on Review Engagements 2410, it would be unduly burdensome for us to re-arrange information for similar liquidity disclosure on a consolidated basis shortly after the end of the first quarter of our financial year.

Strict compliance with the liquidity disclosure requirements would constitute additional one-off disclosure by us of our liquidity position on a date that would fall within the second quarter of our financial year (i.e., a date that would fall between November 30, 2013 and February 28, 2014), which would otherwise not be required to be disclosed to Japanese investors under the TSE Listing Regulations because we are required to issue a report at the end and not in the middle of each quarter of our financial year. Such one-off disclosure is likely to confuse our existing investors and deviates from our customary practice and that of other TSE-listed companies.

In any event, if there are any material changes to such disclosures, we would be required to make an announcement pursuant to the TSE Listing Regulations and disclose relevant material facts in the Listing Document pursuant to the Listing Rules.

In the event that there is no material change to such disclosures, any similar disclosures made pursuant to the guidance of the Hong Kong Stock Exchange would not give additional meaningful information to investors.

We have applied for, and the Hong Kong Stock Exchange has granted us, a waiver from compliance with the timing requirements for indebtedness and liquidity disclosure in the listing document under the Hong Kong Stock Exchange's revised Guidance Letters GL37-12 and GL38-12 on condition that the reported date of indebtedness and liquidity information in the Listing Document must not exceed the Hong Kong Stock Exchange's requirement under the Guidance Letters by two calendar weeks (i.e. the time gap between the reported date of our indebtedness and liquidity information and the date of the listing document would be no more than two calendar months and two calendar weeks). See the section headed "Financial Information — Liquidity and Capital Resources" in the Listing Document.

RULING THAT WE ARE NOT A PUBLIC COMPANY IN HONG KONG UNDER THE TAKEOVERS CODE

Section 4.1 of the Takeovers Code applies to takeovers, mergers and share repurchases affecting public companies in Hong Kong and companies with a primary listing in Hong Kong.

We have applied for, and the SFC has granted, a ruling that we are not a "public company in Hong Kong" for the purposes of Section 4.1. Therefore, the Takeovers Code does not apply to us. This ruling may be reconsidered by the SFC in the event of a material change in information provided or representations made to the SFC.

We are subject to the provisions of the FIEA regarding takeovers. See "Appendix IV — Summary of Legal and Regulatory Matters" in the Listing Document.

Further, we are subject to the provisions of the Companies Act, the FIEA and the TSE Listing Regulations regarding share repurchases. See “Appendix VII — Statutory and General Information — A. Further Information About our Company and its Subsidiaries — (v) Repurchase of our Shares” in the Listing Document.

DISCLOSURE OF INTERESTS

We have applied for, and the SFC has granted:

- (a) us and our Shareholders, a partial exemption from strict compliance with Part XV of the SFO other than Divisions 5, 11 and 12 of Part XV of the SFO in respect of disclosure of Shareholders’ interests; and
- (b) any of our directors or chief executive, a partial exemption from strict compliance with the requirement to give notification of their interests within three business days after the day on which the relevant event occurs under section 348(1) of the SFO by extending the time of notification to within five business days after the day on which the relevant event occurs or comes to the director’s or chief executive’s knowledge under sections 341 and 347 of the SFO.

The partial exemption is subject to conditions. See “Appendix IV — Summary of Legal and Regulatory Matters — Part B. Material Differences between the Hong Kong and Japanese Regimes in respect of Shareholder Protection Matters — Shareholder Protections in Hong Kong — Disclosure of Interests” in the Listing Document.