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DYNAM JAPAN HOLDINGS Co., Ltd.

(incorporated in Japan with limited liability)

(Stock Code: 06889)

**(i) CONNECTED TRANSACTION:
PROPOSED AMENDMENTS TO THE ORIGINAL
DEED OF NON-COMPETITION;
AND
(ii) MAJOR AND CONNECTED TRANSACTION:
COOPERATION FRAMEWORK AGREEMENT**

PROPOSED AMENDMENTS TO THE ORIGINAL DEED OF NON-COMPETITION

Reference is made to the current Deed of Non-Competition entered into by the Original Covenantors and the Company on 18 July 2012 in contemplation of the initial public offering of Shares in 2012 (the “**Original Deed**”). Pursuant to the Original Deed, each of the Original Covenantors has undertaken that during the term thereof, among other things, it/he/she will not (i) participate or be interested or engaged in or acquire or hold any activity or business which is or may be in competition, directly or indirectly, with the business carried on or contemplated to be carried on by any member of the Group (the “**Restricted Activity**”); and (ii) in the event that it/he/she is given any opportunities which compete with the Restricted Activity, it/he/she shall inform the Company of such opportunity as soon as possible and provide such information to the Company. Further, it/he/she is not permitted to take up such opportunity whether or not the Company determines to pursue them. The above undertakings are collectively called the “**Undertakings**”.

SAC is a company wholly-owned and controlled by Mr. Yoji SATO, a non-executive Director and a controlling Shareholder of the Company. SAIL, a wholly-owned subsidiary of SAC (SAC and SAIL collectively the “**SAC Aircraft Leasing Members**” and separately the “**SAC Aircraft Leasing Member**”) carries on Aircraft Leasing Business and has accumulated substantial know-how and business connection in the Aircraft Leasing Business. The Company considers that the Aircraft Leasing Business has high growth potential and plans to enter into the Aircraft Leasing Business with the assistance, the referral by and cooperation of the SAC Aircraft Leasing Members.

On 26 September 2018, the Company and the Covenantors entered into the Supplemental Deed to amend the Original Deed so as to allow certain additional exceptions to the Undertakings, in order to facilitate the assistance and referral by and cooperation of SAC Aircraft Leasing Members in respect of the Aircraft Leasing Business. The Supplemental Deed is conditional upon the approval of the independent Shareholders at the EGM.

THE COOPERATION FRAMEWORK AGREEMENT

On 26 September 2018, the Cooperation Framework Agreement was entered into between the Company and the SAC Aircraft Leasing Members, pursuant to which the parties thereto have conditionally agreed to cooperate with each other in respect of the Aircraft Leasing Business.

IMPLICATIONS OF THE LISTING RULES

As at the date of this announcement, each of the Covenantors (excluding SAIL) is a substantial Shareholder of the Company and thus is a connected person of the Company under the Listing Rules.

Accordingly, pursuant to Chapter 14A of the Listing Rules, the entering into of the Supplemental Deed constitutes a connected transaction of the Company and shall comply with the requirements of reporting, announcement and approval by the independent Shareholders under the Listing Rules.

Likewise, SAC, as a controlling Shareholder, is a connected person of the Company. Accordingly, pursuant to Chapter 14A of the Listing Rules, the transactions under the Cooperation Framework Agreement constitute connected transactions of the Company.

Further, as more than one applicable percentage ratios under the Listing Rules for the Total Invested Capital for the term of three years contemplated under the Cooperation Framework Agreement exceed 25% but are all less than 100%, the transactions under the Cooperation Framework Agreement constitute major transactions of the Company, and therefore are subject to 1) the requirements of reporting, announcement and approval by the independent Shareholders under the Listing Rules; and 2) the requirements applicable to major transactions under Chapter 14 of the Listing Rules.

The Independent Board Committee has been formed to advise the independent Shareholders on the Supplemental Deed and the Cooperation Framework Agreement. The Independent Financial Adviser has also been appointed to advise the Independent Board Committee and the independent Shareholders in respect of the Supplemental Deed and the Cooperation Framework Agreement.

EGM

The EGM will be held for the independent Shareholders to consider and, if thought fit, approve the Supplemental Deed and the Cooperation Framework Agreement by way of poll.

A circular containing, among other things, (i) further details of the Supplemental Deed and the Cooperation Framework Agreement; (ii) a letter of recommendation from the Independent Board Committee to the independent Shareholders in respect of the Supplemental Deed and the Cooperation Framework Agreement; (iii) a letter from the independent Financial Adviser containing its advice to the Independent Board Committee and the independent Shareholders in respect of the Supplemental Deed and the Cooperation Framework Agreement; and (iv) a notice of the EGM will be dispatched to the Shareholders on or before 28 November 2018, as the Company needs some time to finalize certain information to be included in the circular.

I. THE SUPPLEMENTAL DEED

(1) Background

Reference is made to the Original Deed. Pursuant to the Original Deed, each of the Original Covenantors, namely Rich-O, Mr. Yoji SATO and each of the SATO Family Members has undertaken to the Company (for itself and for the benefits of its Subsidiaries) that, among other things, (i) it/he/she will not during the term of the Original Deed, directly or indirectly carry on, participate or be interested or engaged in or acquire or hold any activity or business which is or may be in competition, directly or indirectly, with the Restricted Activity; and (ii) in the event that it/he/she is given/identified any opportunities which directly, or indirectly competes with the Restricted Activity, it/he/she will as soon as practicable inform the Company of such opportunity in writing. Furthermore, none of the Original Covenantors shall be permitted to take up any such new business opportunities whether or not the Company determines to pursue them, for as long as the undertaking as stated in (i) remain in effect.

Since the Listing, the Group has been principally engaged in pachinko hall operation in Japan. SAC, through its subsidiary SAIL, has carried on Aircraft Leasing Business. The Company considers that the Aircraft Leasing Business has high growth potential and contemplates to carry on such business. As SAC Aircraft Leasing Members have already accumulated substantial know-how and business connection in the Aircraft Leasing Business, the Company plans to enter into the Aircraft Leasing Business with the assistance and cooperation of the SAC Aircraft Leasing Members.

Therefore, in order to facilitate the SAC Aircraft Leasing Members in providing assistance and cooperation to the Company to set up the Aircraft Leasing Business, the Original Deed shall have to be amended accordingly.

(2) Proposed Amendments

Under the Supplemental Deed, SAC and SAIL shall be included as Additional Covenantors to the Amended Deed and they shall be bound by the Amended Deed.

Pursuant to the Supplemental Deed, the scope of the exceptions to the Undertakings is expanded to cover the following two (2) aspects:

- (a) any activity or business to be carried on by any member of SAC Aircraft Leasing Members and their respective associates (other than a member of the Group) pursuant to the Cooperation Framework Agreement; or
- (b) the acquisition, holding and disposal of any interests by any SAC Aircraft Leasing Member and their respective associates (other than a member of the Group) in (i) any company which conducts or engages in Aircraft Leasing Business; (ii) any aircraft; and (iii) any aircraft lease.

(3) Conditions to the Supplemental Deed

The Supplemental Deed shall take effect upon:

- (a) the Company having obtained the approval of independent Shareholders in relation to the Supplemental Deed and the Cooperation Framework Agreement;
- (b) the Cooperation Framework Agreement having been duly executed by the parties thereto; and
- (c) all requirements under the Articles and the Listing Rules having been fully complied with in relation to the Supplemental Deed and the Cooperation Framework Agreement.

II. COOPERATION FRAMEWORK AGREEMENT

(1) Scope

Under the Cooperation Framework Agreement, it is contemplated that SAC Aircraft Leasing Members may refer Private Deal Opportunity to the Group and the SAC Aircraft Leasing Members and the Company (and/or through its Subsidiaries) may cooperate in Joint Bid Opportunity in respect of Aircraft Leasing Business, provided that the following mechanisms are strictly followed:

(A) Private Deal Opportunity

- I. If any of the SAC Aircraft Leasing Members shall be offered or identify a Private Deal Opportunity to acquire or lease Asset from an airline, aircraft leasing company, aircraft manufacturer or any other person (the “**Private Deal Counterparty**”) of which it is interested to pursue, it shall, if necessary, endeavor to enter into a non-disclosure agreement with the Private Deal Counterparty and shall inform the Private Deal Counterparty that (i) the Company (and/or its Subsidiaries) may be the purchaser or lessor in place of or in addition to it; and (ii) it shall release information relating to the Asset including the specification of the aircraft, maintenance condition of the aircraft, summary of the lease contract (if applicable) and all commercial terms under negotiation (collectively “**Private Deal Information**”) to the Company (and/or its Subsidiaries);
- II. If the Private Deal Counterparty does not agree to any of the matters set out in (i) and (ii) of the above Clause I, such SAC Aircraft Leasing Member shall forthwith notify the Company. The Company shall, within five (5) business days after receipt of such notification from such SAC Aircraft Leasing Member, consult with such SAC Aircraft Leasing Member the reasons of the Private Deal Counterparty’s refusal, and after considering such reasons and the prevailing circumstances, notify such SAC Aircraft Leasing Member that either (a) such SAC Aircraft Leasing Member shall not pursue the Private Deal Opportunity any further or (b) such SAC Aircraft Leasing Member may itself pursue Private Deal Opportunity without any need to fulfill (i) and (ii) of Clause I;
- III. Subject to the above Clause II, such SAC Aircraft Leasing Member shall proceed with the negotiation with the Private Deal Counterparty relating to the Private Deal Opportunity and, except in the case of Clause II (b), release Private Deal Information to the Company (and/or its Subsidiaries). Once all the major terms relating to the Private Deal Opportunity (to be incorporated in a letter of intent (the “**Private Deal LOI**”) to be executed by the relevant parties) have been finalized, except in the case of Clause II(b), such SAC Aircraft Leasing Member shall serve a notice in writing on the Company together with a copy of the finalized Private Deal LOI (the “**Private Deal Notice**”) to seek its confirmation as to whether it shall purchase or lease the Asset subject to the terms set out in the Private Deal LOI.
- IV. The Company shall, as soon as reasonably practicable and in any event not later than three (3) business days after its receipt of the Private Deal Notice, serve a notice in writing on such SAC Aircraft Leasing Member confirming the decision of the Company. If the Company shall confirm that it will purchase or lease the Asset, it will be the Company which shall execute the Private Deal LOI; and if the

Asset consists of more than one item, the Company shall have the priority in choosing the items it wishes to acquire or lease and the Private Deal LOI shall be executed by the Company and the SAC Aircraft Leasing Member (where applicable) with the Private Deal Counterparty. If the Company shall confirm it will not purchase or lease the Asset, such SAC Aircraft Leasing Member shall have the right to execute the Private Deal LOI and proceed with the transaction itself on substantially the same terms as set out in the Private Deal LOI (including the price of the Asset).

- V. Any decision by the Company in relation to the Private Deal Opportunity as provided in Clauses II and IV above shall be made by the Independent Directors and the closing of the Private Deal Opportunity shall be subject to the compliance of the applicable regulatory requirements, disclosure and/or approval procedures under Listing Rules and any other applicable laws (if necessary).

(B) Joint Bid Opportunity

- I. If any SAC Aircraft Leasing Member or the Company (and/or through its Subsidiary) shall identify a Joint Bid Opportunity, it shall, as soon as reasonably practicable, serve a notice in writing (the “**Bid Notice**”) on the other party setting out the relevant information in relation to the bid provided by the person requesting for the bid (the “**Joint Bid Counterparty**”).
- II. The Company shall have the right to make a decision regarding firstly, whether to participate in such bidding opportunity; and secondly whether to participate in such bidding jointly with SAC. The Company shall promptly inform the SAC Aircraft Leasing Members of such decision within three (3) business days after the date of the Bid Notice.
- III. If the Company confirms to participate in the bidding jointly with SAC Aircraft Leasing Members, the parties shall within three (3) business days after the Company’s confirmation, discuss, in good faith, the terms of their cooperation before submitting a joint bid. The parties shall form a team for the joint bid (the “**Joint Bid Team**”).
- IV. Unless otherwise agreed by the parties, the principal terms for their cooperation shall be as follows:
 - (a) the total number and type(s) of aircraft which the Joint Bid Team shall jointly bid for;
 - (b) the number and type(s) of aircraft which each of them shall undertake to bid for if the joint bid shall become successful;

- (c) the Company (and/or its Subsidiary) shall have the first choice over the number of aircraft and the type of aircraft which it would wish to acquire, or lease out of the total number and type(s) of aircraft available for bidding; and
 - (d) the joint bidding shall not involve co-ownership of any aircraft, the formation of a joint venture entity for such bidding or the incurrence of liability for the acquisition, leasing or disposal of aircraft under the joint bid other than the aircraft which each of them shall undertake to acquire or lease.
- V. The Company (and/or through its Subsidiaries) and the SAC Aircraft Leasing Member shall jointly participate in the following activities in respect of the Joint Bid Opportunity (where applicable):
 - (a) obtaining invitation to bid;
 - (b) executing the non-disclosure agreement (if required);
 - (c) obtaining information on the Asset;
 - (d) conducting the analysis and evaluation of the Asset, and the risk and the return of such investment.
- VI. If, for whatever reason, the number of aircraft which the Joint Bid Team shall successfully bid for shall fall short of the number of aircraft which the Joint Bid Team originally intends to bid for, then the number of aircraft successfully bid for by the Joint Bid Team shall be allocated to each member of Joint Bid Team with the intent that, as far as possible, the Company (or its Subsidiary) shall be able to acquire or lease the number and type(s) of aircraft which it undertakes to acquire or lease initially.
- VII. Each member of the Joint Bid Team shall obtain funding severally in respect of the acquisition of aircraft undertaken to be acquired by it under a successful joint bid. Such funding shall not be in any way resorting to financial assistance of any kind from the other members of Joint Bid Team or their associates.
- VIII. Each member of the Joint Bid Team shall undertake to the other members of the Joint Bid Team that it will use its best endeavors to complete the acquisition, leasing or disposal of the number and type(s) of aircraft undertaken to be acquired or leased by it under a successful joint bid and shall fully indemnify the other members of the Joint Bid Team against all losses, claims and damages arising out of its default in completing the acquisition, leasing or disposal of such aircraft.

- IX. Once all the major terms relating to the Joint Bid Opportunity (to be incorporated in a letter of intent (the “**Joint Bid LOI**”) to be executed by the relevant parties) have been finalized, the Joint Bid Team shall serve a notice in writing on the Company together with a copy of the finalized Joint Bid LOI (the “**Joint Bid LOI Notice**”). The Company shall, as soon as reasonably practicable and in any event not later than three (3) business days after its receipt of the Joint Bid LOI Notice, notify the Joint Bid Team in writing of the decision of the Company as to whether the Company will execute the Joint Bid LOI.
- X. Any decision relating to the execution of the Joint Bid LOI by the Company as set out in the above Clause IX shall be made by the Independent Directors. Closing of the acquisition, leasing or disposal of Assets pursuant to any joint bid shall be subject to compliance of applicable requirements, disclosure and/or approval procedures under the Listing Rules and any other applicable laws (if necessary).
- XI. If the Company (and/or through its Subsidiary) cannot reach agreement with the SAC Aircraft Leasing Members on the terms of their cooperation in relation to the joint bidding; or if, for whatever reason, the Company (and/or through its Subsidiaries) shall decide not to participate in or proceed with the joint bid or if the Company decides not to execute the Joint Bid LOI, then each of the Company and the SAC Aircraft Leasing Members shall be entitled to pursue such bidding either alone or together with any third party. Each party shall inform the other parties of the outcome of such bid and the acquisition or lease aircraft by it thereunder.

(C) Right of First Refusal

- I. If any SAC Aircraft Leasing Member (the “**Disposing Member**”) proposes to dispose of an Asset (the “**Available-for-Sale Asset**”) and has received an offer from any third party buyer (the “**Third Party Buyer**”), it shall, as soon as reasonably practicable, at any time prior to the signing of the letter of intent relating to such disposal with the Third Party Buyer, serve on the Company a notice in writing setting out (a) particulars of Available-for-Sale Asset, (b) the price of Available-for-Sale Asset offered by the Third Party Buyer; and (c) other material terms (the “**Right of First Refusal Notice**”).

- II. The Company shall, within five (5) business days after its receipt of Right of First Refusal Notice, serve a notice in writing on the Disposing Member confirming whether the Company agrees or declines to acquire Available-for-Sale Asset at the price and subject to the terms and conditions set out in Right of First Refusal Notice (the “**Right of First Refusal Response Notice**”). Any decision in relation to the Right of First Refusal by the Company shall be made by the Independent Directors and closing of the acquisition of Available-for-Sale-Assets by the Group shall be subject to the compliance of applicable requirements, disclosure and/or approval procedures under the Listing Rules and any other applicable laws (if necessary).
- III. If the Company shall serve a Right of First Refusal Response Notice on the Disposing Member within the said five-business day period confirming its agreement to acquire Available-for-Sale Asset at the price and subject to the terms set out in Right of First Refusal Notice, then closing of the acquisition of the Available-for-Sale Asset shall take place as soon as practicable after the date of service of Right of First Refusal Response Notice, unless otherwise agreed by Disposing Member and the Company. The exercise of the Right of First Refusal by the Company is subject to the compliance of the Listing Rules and other applicable regulatory requirements, disclosure and/or approval procedures (if necessary).
- IV. If the Company shall serve a Right of First Refusal Response Notice on the Disposing Member within the said five-business day period confirming that it declines to acquire Available-for-Sale Asset at the price and subject to the terms set out in Right of First Refusal Notice or if the Company shall fail to serve a Right of First Refusal Response Notice on the Disposing Member within the said five-business day period (by which the Company shall be deemed to have so declined), then Disposing Member shall be entitled to dispose the Available-for-Sale Asset to the Third Party Buyer with substantially the same terms (including the price of the Available-for-Sale Asset) as set out in the Right of First Refusal Notice.

(D) Undertaking

SAC Aircraft Leasing Members jointly and severally undertake to the Company and its Subsidiary that they shall not pursue any opportunity to acquire and lease any Asset or acquire and lease any Asset otherwise than pursuant to the Cooperation Framework Agreement.

(2) Other Principal Terms

- (a) Conditions: The Cooperation Framework Agreement shall become effective conditional on the fulfilment of all of the following conditions:
- (a) the Company having obtained the approval of independent Shareholders in relation to the Supplemental Deed and the Cooperation Framework Agreement; and
 - (b) all requirements under the Articles and the Listing Rules having been fully complied with in relation to the Supplemental Deed and the Cooperation Framework Agreement.
- (b) Term: For a term of three years commencing from the date when all the abovementioned conditions are fulfilled.
- (c) Total Invested Capital: Not exceeding JPY90,000,000,000 (equivalent to HK\$6,210,000,000)

(3) Basis for Calculating the Total Invested Capital

In arriving the proposed Total Invested Capital, the Company considered the aircraft to purchase based on the investment criteria that (i) the Company intends to purchase mainly the narrow-body aircrafts such as A320, A321, B737-800, A320 NEO, A321 NEO, and B737 MAX8 and possibly wide-body aircrafts such as B787-9 and A350-900 which are popular models in the market of the Aircraft Leasing Business; (ii) the Company will consider to purchase the aircraft within about five (5) years from their production and with the remaining lease term of about five (5) years; and (iii) the Company plans to deal with Tier 1 and/or Tier 2 airlines with good credibility.

Based on the above criteria, the Company plans to purchase mainly five (5) to seven (7) narrow-body aircrafts each year with the maximum of twenty (20) aircrafts for the initial three years. The purchasing amount of a narrow-body aircraft would be in the range from JPY4 billion (equivalent to HK\$276,000,000) to JPY5 billion (equivalent to HK\$345,000,000) depending upon the age of such aircraft, the creditworthiness of the airline and the terms of the relevant lease agreement.

III. REASONS FOR AND BENEFIT OF ENTERING INTO THE SUPPLEMENTAL DEED

As disclosed in the Company's annual report for financial year 2018 ("FY2018"), the pachinko hall industry continued to experience a harsh operating environment as a result of the decreasing number of customers in high playing cost halls, while the revenue generated from high playing cost halls accounting for more than half of the total revenue during FY2018. Therefore, the Board considers that while continuing the existing pachinko business, there is a need to explore new business opportunities in order to support the long-term development of the Group. Taking into account the know-how, business connection and operating performance in the aircraft leasing business of the SAC Aircraft Leasing Members as well as investment objectives, financial resources and risk tolerance of the Group, the Company intends to tap into the Aircraft Leasing Business with the support from the SAC Aircraft Leasing Members.

The Directors (excluding the Independent Directors, whose views will be given after taking into account the advice from Independent Financial Adviser) are of the opinion that the Undertakings under Original Deed, which have unconditionally restricted the Original Covenantors from pursuing any Restricted Activity (including any business contemplated to be carried on by the Group), are unduly restrictive and hinder the expansion of the business of the Group into a new area where referral by the Covenantors and the cooperation between the Covenantors and the Group may be beneficial to the Group. Obviously, adequate protection must be given to the Group for such cooperation in order to ensure that the interest of the Group is not compromised in any way.

As the SAC Aircraft Leasing Members have already carried on Aircraft Leasing Business and have accumulated substantial know-how and business connection in the Aircraft Leasing Business, SAC Aircraft Leasing Members can bring business opportunities relating to Aircraft Leasing Business to the Group in the form of referral under Private Deal Opportunity and cooperation under Joint Bid Opportunity which will be beneficial to the Group.

The purpose of the Supplemental Deed is to make certain amendments to the Original Deed in order to facilitate the assistance and referral from the SAC Aircraft Leasing Members and the cooperation between SAC Aircraft Leasing Members and the Group relating to Aircraft Leasing Business as contemplated under the Cooperation Framework Agreement. Adequate protections are given to the Group under the Cooperation Framework Agreement in respect of Joint Bid Opportunity and Private Deal Opportunity as set out above.

Based on the above factors, the Directors (excluding the Independent Directors, whose views will be given after taking into account the advice from an Independent Financial Adviser) believe that the Supplemental Deed and the Proposed Amendments contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IV. REASONS FOR AND BENEFIT OF ENTERING INTO THE COOPERATION FRAMEWORK AGREEMENT

For the same reasons as stated under the section headed “**REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL DEED**”, the Cooperation Framework Agreement provides a framework where the SAC Aircraft Leasing Members are able to refer business opportunities to and cooperate with the Company on business opportunities relating to Aircraft Leasing Business with adequate protection for the Group.

In particular, according to the arrangement under the Private Deal Opportunity, the Company is able to utilize the business connection developed by the SAC Aircraft Leasing Members through the years. With the permission of the seller, the Company has the right to share the information of target aircrafts under a proposed transaction and determine whether the Company would step into the position of SAC Aircraft Leasing Members as the purchaser of the target aircrafts.

Regarding the arrangement under the Joint Bid Opportunity, the Company is of the view that by forming the Joint Bid Team with the SAC Aircraft Leasing Members, the Company is able to bid for and take up certain projects jointly with the SAC Aircraft Leasing Members by leveraging on their respective business strengths and/or resources, which will help to improve the Company’s position in bidding for the aircrafts intended by the Company through appropriate cooperation with the SAC Aircraft Leasing Members and enhance the Company’s competitiveness to bid for, and its chance to win the bid for the target aircrafts. This will provide the Company with more opportunities to participate in Joint Bid Opportunities without having any adverse impact on the Company’s interests.

In addition, recognizing that the potential competition may exist between the activities to be carried out by the SAC Aircraft Leasing Members and the Company (and/or through its Subsidiaries) in respect of the Aircraft Leasing Business, as disclosed above, sufficient compliance measures are prescribed under the Cooperation Framework Agreement, in order to safeguard the interest of the Group.

Under the Private Deal Opportunity, upon receipt of the Private Deal Notice, the Independent Directors shall have the power to determine whether the Company (and/or its Subsidiary) shall become the purchaser or lessor under the Private Deal Opportunity and execute the Private Deal LOI in place of or in addition to the SAC Aircraft Leasing Member. Moreover, the Independent Directors have the power to determine whether the SAC Aircraft Leasing Members are able to pursue the Private Deal Opportunity when the Private Deal Counterparty refuses to disclose the Private Deal Information to the Company (and/or its Subsidiary) or does not accept the Company (and/or its Subsidiary) may be the relevant purchaser.

Under the Joint Bid Opportunity, the Company (and/or its Subsidiary) shall have the right to make a decision regarding whether to participate in a bidding opportunity and whether to form a Joint Bid Team with the SAC Aircraft Leasing Members. Further, the Company (and/or its Subsidiary) shall have the first choice over the number and type of aircraft which it would wish to acquire or lease out of all the aircrafts available for bidding. Also, if the number of aircraft awarded under the joint bid shall fall short of the number of aircraft which the Joint Bid Team intended to bid for, the Company (and/or its Subsidiary) shall have the priority to acquire or lease the number and type of aircraft which it undertakes to acquire and lease initially. Upon receipt of the Joint Bid LOI Notice, the Independent Directors shall notify the Joint Bid Team of their decision of whether to execute the Joint Bid LOI.

In assessing whether or not to pursue the Private Deal Opportunity and the Joint Bid Opportunity, the Independent Directors should consider all relevant factors, including feasibility studies, estimated profitability, market, commercial and counterparty risks, compliance with the business strategy of the Group, possible synergy with the Group's operation, the financial resources available to the Group and the qualifications and/or eligibility the Group has at that time, as well as the relevant legal, regulatory and contractual requirements, with a view to arrive at a decision which is in the best interest of the Company and the Shareholders as a whole.

Based on the above, the Directors (excluding the Independent Directors, whose views will be given after taking into account the advice from Independent Financial Adviser) believe that the Cooperation Framework Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

V. IMPLICATIONS OF THE LISTING RULES

The Supplemental Deed

As at the date of this announcement, the Covenantors (excluding SAIL) to the Supplemental Deed are substantial Shareholders and connected persons of the Company as defined under the Listing Rules. Entering into the Supplemental Deed constitutes a connected transaction under Chapter 14A of the Listing Rules which is subject to the reporting, announcement and independent Shareholders' approval requirement under the Listing Rules.

Mr. Yoji SATO (a non-executive Director) is a director of SAC. Mr. Kohei SATO (Director and chairman of the Board), is a member of the SATO Family. Mr. Yoji SATO and Mr. Kohei SATO are both Covenantors of the Supplemental Deed and both of them are regarded as having material interests in the Supplemental Deed and therefore they have abstained from voting on relevant resolution(s) at the meeting of the Board convened for the purpose of approving the Supplemental Deed and the Proposed Amendments contemplated thereunder. Save as disclosed above, none of the Directors has a material interest in the Supplemental Deed and the Proposed Amendments contemplated thereunder.

An Independent Board Committee comprising all five (5) Independent Directors has been formed to advise the relevant independent Shareholders in respect of the Supplemental Deed and the Proposed Amendments contemplated thereunder. The Independent Financial Adviser has also been appointed to advise the Independent Board Committee and the independent Shareholders in respect of the Supplemental Deed and the Proposed Amendments contemplated thereunder.

The Cooperation Framework Agreement

As at the date of this announcement, SAC holds more than 30% of the issued share capital of the Company and is a connected person of the Company as defined under the Listing Rules. Entering into the Cooperation Framework Agreement constitutes a connected transaction under Chapter 14A of the Listing Rules.

As more than one applicable percentage ratios for the Total Invested Capital for the term of three years under the transactions of Cooperation Framework Agreement exceed 25% but all are less than 100%, the transactions under the Cooperation Framework Agreement constitute major transactions, thus are subject to 1) the reporting, announcement, circular, and independent Shareholders' approval requirement under the Listing Rules; and 2) the requirements applicable to major transactions under Chapter 14 of the Listing Rules.

Mr. Yoji SATO (a non-executive Director) is a director and majority shareholder of SAC. Mr. Kohei SATO (Director and chairman of the Board), is a member of the SATO Family. Both Mr. Yoji SATO and Mr. Kohei SATO are regarded as having material interests in the Cooperation Framework Agreement and therefore both of them have abstained from voting on relevant resolution(s) at the meeting of the Board convened for the purpose of approving the Cooperation Framework Agreement. Save as disclosed above, none of the Directors has a material interest in the Cooperation Framework Agreement.

An Independent Board Committee comprising all five (5) Independent Directors has been formed to advise the independent Shareholders in respect of the Cooperation Framework Agreement and the transactions contemplated thereunder. The Independent Financial Adviser has also been appointed to advise the Independent Board Committee and the independent Shareholders in respect of the Cooperation Framework Agreement.

VI. INFORMATION ABOUT THE PARTIES

Information relating to the Company

The Company, through its subsidiaries, is principally engaged in the business of pachinko hall operation in Japan.

Information relating to SAC Aircraft Leasing Members

SAC was incorporated in Hong Kong in 2015 by Mr. Yoji SATO, who is a Director and a controlling Shareholder of the Company. Currently, SAC has a subsidiary SAIL which carries on Aircraft Leasing Business. SAIL was formed under the laws of the Republic of Ireland in 2016.

VII. GENERAL

The EGM will be convened by the Company to seek the approval of the independent Shareholders on, among other things, 1) entering into the Supplemental Deed and the Proposed Amendments contemplated thereunder; and 2) entering into the Cooperation Framework Agreement by way of a poll.

Since each of Mrs. Keiko SATO (wife of Mr. Yoji SATO), Mrs. Yaeko NISHIWAKI (sister of Mr. Yoji SATO) and her associate, Mr. Masahiro SATO (brother of Mr. Yoji SATO), Mr. Shigehiro SATO (brother of Mr. Yoji SATO), Mr. Kohei SATO (brother of Mr. Yoji SATO), and Mr. Kiyotaka SATO (uncle of Mr. Yoji SATO) is a party acting in concert with Mr. Yoji SATO, SAC and Rich-O and each other to obtain or consolidate the holding of 30% or more of the Company, and is therefore deemed to be interested in the Shares in which Mr. Yoji SATO or any other SATO Family Member is interested, and Mr. Yoji SATO is deemed to be interested in the Shares in which any SATO Family Member is interested.

Accordingly, as each of Mr. Yoji SATO, SATO Family Members as well as SAC and Rich-O is regarded as having material interest in the Supplemental Deed, all of them shall abstain from voting at the EGM for the proposed resolution to approve the Supplemental Deed.

As each of SAC and Rich-O, Mr. Yoji SATO and SATO Family Members is regarded as having material interest in the Cooperation Framework Agreement, all of them shall abstain from voting at the EGM for the proposed resolution to approve the Cooperation Framework Agreement. To the best of the Directors' knowledge and information after having made all reasonable enquires, no other Shareholder is required to abstain from voting at the EGM for the proposed resolutions to approve the Supplemental Deed and the Proposed Amendments contemplated thereunder and the Cooperation Framework Agreement.

A circular containing, among other things, (i) details of the Supplemental Agreement and the Proposed Amendments contemplated thereunder as well as the Cooperation Framework Agreement; (ii) a letter of recommendation from the Independent Board Committee to the independent Shareholders in respect of the Supplemental Deed and the Cooperation Framework Agreement; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the independent Shareholders in respect of the Supplemental Deed and the Cooperation Framework Agreement; and (iv) a notice of the EGM will be dispatched to the Shareholders on or before 28 November 2018, as the Company needs some time to finalize certain information to be included in the circular.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Additional Covenantors”	means SAC and SAIL;
“Aircraft Leasing Business”	means the business of (a) acquisition of aircraft; (b) leasing of aircraft (including operating leases and finance leases (which include financing arrangements in sale and leaseback transactions)); and (c) disposal of aircraft;
“Amended Deed”	means the Original Deed as amended by the Supplemental Deed;
“Articles”	means the articles of incorporation of the Company, as amended from time to time;
“Asset”	means, in respect of Aircraft Leasing Business, (a) aircraft; (b) interest in an entity which owns aircraft; and (c) interest in an entity which carries on Aircraft Leasing Business and where the contexts requires, includes part of an Asset;
“Board”	means the board of Directors of the Company
“business day”	means any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong and Japan are generally open for normal banking business;
“Company”	means DYNAM JAPAN HOLDINGS Co., Ltd., a company incorporated under the laws of Japan with limited liability the shares of which are listed on the Main Board of the Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“controlling Shareholder”	has the meaning ascribed to it under the Listing Rules;
“Cooperation Framework Agreement”	means an agreement dated 26 September 2018 made between SAC Aircraft Leasing Members and the Company relating to the future cooperation between SAC Aircraft Leasing Members and the Group on Aircraft Leasing Business;

“Covenantors”	means all the Covenantors to be bound by the Amended Deed including the Original Covenantors and the Additional Covenantors;
“Directors”	means the directors of the Company from time to time;
“EGM”	means an extraordinary general meeting of the Company;
“Exchange”	means The Stock Exchange of Hong Kong Limited;
“Group”	means the Company and its Subsidiaries from time to time, and “member(s) of the Group” shall be construed accordingly;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong;
“Independent Board Committee”	has the meaning ascribed to it by the Listing Rules;
“Independent Directors”	means the independent non-executive directors of the Company;
“Independent Financial Adviser”	means Octal Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to the Independent Board Committee and the independent Shareholders in respect of the terms of the Supplemental Deed and the Cooperation Framework Agreement;
“independent Shareholders”	has the meaning ascribed to it by the Listing Rules;
“Joint Bid Opportunity”	means a bid to acquire or lease of Asset which is open to more than one party to make a joint bid;
“JPY”	means Japanese Yen, the lawful currency of Japan;
“Listing”	means the listing of Shares on the Exchange;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Exchange, as amended from time to time;

“Mr. Yoji SATO”	means one of the Directors of the Company and also the director and majority shareholder of SAC, and one of the Covenantors;
“Original Covenantors”	means Mr. Yoji SATO, Rich-O and SATO Family Members;
“Original Deed”	means deed of non-competition entered into by the Original Covenantors and the Company on 18 July 2012 in contemplation of the initial public offering of shares by the Company in 2012;
“PRC”	means the People’s Republic of China;
“Private Deal Opportunity”	means an opportunity available to, or an offer made to a single party for acquisition or leasing of Asset;
“Proposed Amendments”	means the proposed amendments to the Original Deed as provided in the Supplemental Deed dated 26 September 2018;
“Rich-O”	means Rich-O Co., Ltd., a stock company incorporated in Japan with limited liability, and a subsidiary of SAC;
“SAC”	means Sato Aviation Capital Limited, a company formed under the laws of Hong Kong in 2015 and wholly owned by Mr. Yoji SATO. SAC is a controlling Shareholder of the Company;
“SAC Aircraft Leasing Member(s)”	means SAC and/or SAIL as the context requires;
“SAIL”	means Sato Aviation Ireland Limited, a company formed under the laws of the Republic of Ireland with limited liabilities, and a subsidiary of SAC;
“SATO Family Members”	means each of Mrs. Keiko SATO (wife of Mr. Yoji SATO), Mrs. Yaeko NISHIWAKI (sister of Mr. Yoji SATO) and her associate, Mr. Masahiro SATO (brother of Mr. Yoji SATO), Mr. Shigehiro SATO (brother of Mr. Yoji SATO), Mr. Kohei SATO (brother of Mr. Yoji SATO), and Mr. Kiyotaka SATO (uncle of Mr. Yoji SATO). SATO Family Members is a party acting in concert with Mr. Yoji SATO, SAC and Rich-O and each other to obtain or consolidate the holding of 30% or more of the Company;

“SFO”	means the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;
“Share”	means a share in the capital of the Company;
“Shareholder”	means a holder of Shares and “Shareholders” shall be construed accordingly;
“Subsidiary”	means has the meaning ascribed to it under the Listing Rules and “Subsidiaries” shall be construed accordingly;
“substantial Shareholder”	has the meaning ascribed to it under the Listing Rules;
“Supplemental Deed”	means the supplemental deed to Original Deed dated 26 September 2018 made between the Original Covenantors, the Additional Covenantors listed therein and the Company; and
“Total Invested Capital”	means in respect of Aircraft Leasing Business to be undertaken by the Group under the Cooperation Framework Agreement, the total capital deployed (irrespective of funding source) by the Group for acquisition of Asset less the total proceeds realized by the Group for the disposal of Assets at any one time.

By order of the Board
DYNAM JAPAN HOLDINGS Co., Ltd.
Kohei SATO
Chairman of the Board

Tokyo, Japan, 26 September 2018

As of the date of this announcement, the executive Director is Mr. Kohei SATO, the non-executive Directors are Mr. Yoji SATO, Mr. Tatsuji FUJIMOTO and Mr. Noriaki USHIJIMA and the independent non-executive Directors are Mr. Ichiro TAKANO, Mr. Mitsutoshi KATO, Mr. Thomas Chun Kee YIP, Mr. Kei MURAYAMA and Mr. Kiyohito KANDA.

For the purpose of illustration only and unless otherwise stated, conversion from JPY to HK\$ in this announcement is based on the exchange rate of JPY1.00 to HK\$0.069. Such conversion should not be construed as a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate.