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DYNAM JAPAN HOLDINGS Co., Ltd.

(incorporated in Japan with limited liability)

(Stock Code: 06889)

**MAJOR AND CONTINUING CONNECTED TRANSACTION:
SUPPLEMENTAL AGREEMENT FOR
COOPERATION FRAMEWORK AGREEMENT**

I. THE SUPPLEMENTAL AGREEMENT

Reference is made to the announcement of DYNAM JAPAN HOLDINGS Co., Ltd. (the “**Company**”) dated 26 September 2018 (the “**Announcement**”) in relation to entering into the Supplemental Deed and the Cooperation Framework Agreement. Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

(i) the Supplemental Agreement

The Board wishes to announce that on 21 November 2018 (after trading hours), the Company and the SAC Aircraft Leasing Members entered into a supplemental agreement to the Cooperation Framework Agreement (the “**Supplemental Agreement**”), pursuant to which, the Company and the SAC Aircraft Leasing Members agreed that the terms relating to the Total Invested Capital under the Cooperation Framework Agreement to be revised as follows:

- (1) Subject to the fulfillment of all the conditions under the Supplemental Agreement as stated below, the term of the Cooperation Framework Agreement shall be three years commencing from 1 January 2019 and ending 31 December 2021 (both days inclusive) (the “**Term**”);
- (2) The Total Invested Capital shall not exceed JPY90,000,000,000 (equivalent to HK\$6,300,000,000) during the Term;

- (3) The annual caps to be set for the transactions under the Cooperation Framework Agreement for three years ending 31 December 2021 shall be as follows:

JPY in millions

Transaction Period	For the year ending 31 December 2019	For the year ending 31 December 2020	For the year ending 31 December 2021
Annual Caps	30,000	30,000	30,000

(equivalent to HK\$2,100,000,000)

(ii) Condition

The Supplemental Agreement shall become effective conditional on the fulfillment of all the following conditions:

- (a) the Company having obtained the approval of independent Shareholders (as defined in the Listing Rules) in relation to the Supplemental Deed and the Cooperation Framework Agreement as amended by the Supplemental 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 as amended by the Supplemental Agreement.

(iii) Effect of the Supplemental Agreement

The Supplemental Agreement is and shall be construed as supplemental to the Cooperation Framework Agreement, and the Cooperation Framework Agreement and the Supplemental Agreement shall be read and construed as one document and referred to as the Cooperation Framework Agreement.

Save for the above, all other terms and conditions of the Cooperation Framework Agreement shall remain unchanged and continue in full force and effect.

(iv) basis for Determining the Proposed Annual Caps

Considering that the price of the aircraft and the rent under a lease agreement largely depend upon the supply and demand dynamics of the market and the conditions for each individual aircraft, each transaction entered into under the Cooperation Framework Agreement shall be negotiated on an arm's length basis.

The basis for calculating the Total Invested Capital has been as disclosed in the Announcement. Furthermore, the pricing policy is determined with reference to 1) the estimated purchase price of the aircraft made by an external evaluation company and the simulation of projected return considering relevant costs; and 2) the portfolio of aircrafts of the Group including manufacturing year, lease expiration year, airline, region and type of aircraft.

For the range of aircrafts adopted in the estimation of the proposed annual caps, which is in the range of JPY4 billion (equivalent to HK\$280,000,000) to JPY5 billion (equivalent to HK\$350,000,000), the Company has made reference to two quotations of used aircrafts (which are of the similar model the Company intended to purchase) obtained by the SAC Aircraft Leasing Members from the respective independent third party purchasers in the years of 2016 and 2017. The purchase price contained therewith are all within the suggested range from JPY4 billion to JPY5 billion. As such, the Board is of the view that the proposed range from JPY4 to JPY5 billion is on normal commercial terms and fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The amount payable by the Group for the transactions under the Cooperation Framework Agreement may be funded through the Group's working capital and bank loans from commercial banks as well as other sources of financing available to the Group.

II. REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT

Upon seeking consultation with the Exchange, the Company decides to set the proposed annual caps for the transactions under the Cooperation Framework Agreement under the Cooperation Framework Agreement for the approval of the independent Shareholders in the EGM.

The Directors (excluding the independent non-executive Directors, whose views will be given after taking into account the advice from Independent Financial Adviser) are of the view that the Supplemental Agreement and the proposed annual caps as stated above are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

III. IMPLICATIONS OF THE LISTING RULES

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. The transactions under the Cooperation Framework Agreement are on a recurring basis. Accordingly, entering into the Cooperation Framework Agreement constitutes a continuing connected transaction under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios in respect of the continuing connected transactions contemplated under the Cooperation Framework Agreement for the term of three years based on the proposed annual caps exceeds 25% but is less than 100%, the continuing connected transactions under the Cooperation Framework Agreement constitute major transactions, thus are subject to (1) the reporting, announcement, circular, independent Shareholders' approval and annual review requirement under the Listing Rules; and (2) the requirements applicable to major transactions under Chapter 14 of the Listing Rules.

EGM

On 3 October 2018, Mr. Kiyotaka SATO (uncle of Mr. Yoji SATO) has sold all Shares beneficially owned by him in the Company and ceased to be a member of the SATO Family Members.

Since each of Mrs. Keiko SATO (wife of Mr. Yoji SATO), Mrs. Yaeko NISHIWAKI, (sister of Mr. Yoji SATO) and her associate (as defined under the Listing Rules), Mr. Masahiro SATO (brother of Mr. Yoji SATO), Mr. Shigehiro SATO (brother of Mr. Yoji SATO), and Mr. Kohei SATO (brother 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 a 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 a 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 proposed annual caps for the transactions under the Cooperation Framework Agreement.

A circular containing, among other things, (i) details of the Supplemental Deed and the Proposed Amendments contemplated thereunder as well as the Cooperation Framework Agreement and the annual caps for the transactions contemplated thereunder; (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 advise 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.

Save as stated above, all other information in the Announcement remains unchanged.

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

Tokyo, Japan, 21 November 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\$0.070. 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.