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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

If you have sold or transferred all your shares in **DYNAM JAPAN HOLDINGS CO., LTD.**, you should at once hand this circular with the accompanying proxy to the purchaser(s) or the transferee(s), or to the licensed securities dealer or other registered institution in securities, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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DYNAM JAPAN HOLDINGS Co., Ltd.

(incorporated in Japan with limited liability)

(Stock Code: 06889)

CONNECTED TRANSACTION

2ND SUPPLEMENTAL DEED AND NEW COOPERATION FRAMEWORK AGREEMENT

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders



Capitalised terms used in the lower portion of this cover page shall have the same respective meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 4 to 15 of this circular. A letter from the Independent Board Committee is set out on page 16 of this circular. A letter from Ballas Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 17 to 30 of this circular.

A notice convening the AGM to be held at 2-25-1-702 Nishi-Nippori, Arakawa-ku, Tokyo, Japan on Wednesday, 24 June 2020 at 10:00 a.m. (Japan time) and a form of proxy are despatched together with this circular.

Shareholders are advised to read the notice of AGM and if you are not able to attend the AGM or its adjournment (as the case may be) in person but wish to exercise your right as a Shareholder, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time fixed for holding the AGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

2 June 2020

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context otherwise requires:

“1 st Supplemental Deed”	the supplemental deed to Original Deed dated 26 September 2018 made between the Original Covenantors, the Additional Covenantors and the Company
“2 nd Supplemental Deed”	the 2 nd Supplemental Deed to the Original Deed dated 29 April 2020 made between the Covenantors and the Company (for itself and as trustee of the members of the Group)
“Additional Covenantors”	SAC and SAIL
“Ad Hoc Report”	an ad hoc report made up by the directors of DAIL to the Board which contains an analysis of the Opportunity or material changes thereof including details of the size, expected return, manpower necessary for the Opportunity when an Opportunity has been formulated or when material changes has been made to the Opportunity
“AGM”	the annual general meeting of the Company to be convened and held at 2-25-1-702 Nishi-Nippori, Arakawa-ku, Tokyo, Japan on Wednesday, 24 June 2020 at 10:00 a.m. (Japan time), or any adjournment thereof
“Aircraft Company”	means: <ul style="list-style-type: none">(i) a company or other entity whose assets consists solely or mainly of aircraft or interests in aircraft;(ii) interest in companies or entities whose assets consist solely or mainly of aircraft and whose income is mainly derived from those aircraft; or(iii) interest in companies or entities whose business is derived from leasing of aircraft (including operating leases and finance leases)
“Aircraft Leasing Business”	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
“Board”	the board of Directors
“Business Day(s)”	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”	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 Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Course of Action(s)”	has the meaning as described under the section “Course of Action”
“Counterparty”	a party to an Opportunity, other than any of SAC Aircraft Leasing Member or Dynam
“Covenantors”	the Original Covenantors (excluding Mr. Kiyotaka Sato) and Additional Coveantors
“DAIL”	Dynam Aviation Ireland Limited, an indirect wholly-owned subsidiary of the Company

DEFINITIONS

“DAIL’s Recommendation”	the recommendation on the Course of Action to be pursued by the parties in writing given by DAIL to the Independent Directors
“DAIL’s Offer Recommendation”	the recommendation given by DAIL to the Independent Directors when an Offer is made by any member of the SAC Aircraft Leasing Members
“Directors”	the directors of the Company
“Dynam”	collectively the Company and DAIL, or any one of them
“Dynam Opportunity Notice”	notice given by the Company or DAIL of an Opportunity in writing, and which shall contain the information of the Opportunity to the extent known to the Company or DAIL at the time the notice is given
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	has the meaning ascribed to it by the Listing Rules
“Independent Directors”	the independent non-executive directors of the Company from time to time
“Independent Financial Adviser”	Ballas Capital Limited, a corporation licensed to carry out Types 1 and 6 regulated activities as defined under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders with regard to the terms of the 2 nd Supplemental Deed and the New Cooperation Framework Agreement
“Independent Shareholders”	the Shareholders who do not have any material interest in the 2 nd Supplemental Deed and New Cooperation Framework Agreement and who are not required to abstain from voting on resolution(s) approving the 2 nd Supplemental Deed and New Cooperation Framework Agreement at the AGM pursuant to the Listing Rules
“Latest Practicable Date”	28 May 2020
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Monthly Report”	the monthly report made up by the directors of DAIL to the Board, which contains an analysis of the Opportunity (or material changes thereof) or Offer including details of the size, expected return, manpower necessary for the Opportunity or Offer when an Opportunity has been formulated, there are material changes to the Opportunity, or an Offer has been made
“New Cooperation Framework Agreement”	the 2 nd Cooperation Framework Agreement dated 29 April 2020 made between the Company (for itself and as trustee of the members of the Group), DAIL, and SAC Aircraft Leasing Members
“Old Cooperation Framework Agreement”	the Cooperation Framework Agreement dated 26 September 2018 and a supplemental agreement dated 21 November 2018 made between SAC Aircraft Leasing Members and the Company
“Opportunity(ies)”	has the meaning as described under the section “Opportunities under the New Cooperation Framework Agreement”
“Original Covenantors”	Mr. Yoji SATO, Rich-O and Sato Family Members

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“Original Deed”	the Deed of Non-Competition entered into by the Original Covenantors and the Company on 18 July 2012
“Rich-O”	Rich-O Co., Ltd., a stock company incorporated in Japan with limited liability, and a subsidiary of SAC
“Right of First Refusal Notice”	the notice in writing given by SAC Aircraft Leasing Member to the Company on its intended disposal of any of its aircraft, or any interest in an Aircraft Company to a Third Party Purchaser
“SAC”	Sato Aviation Capital Limited, a company incorporated in Hong Kong and wholly-owned by Mr. Yoji SATO. SAC is a controlling Shareholder of the Company
“SAC Aircraft Leasing Member(s)”	SAC and/or SAIL as the context requires
“SAC’s Opportunity Notice”	the notice of an Opportunity in writing served by a SAC Aircraft Leasing Member to the Independent Directors and DAIL when a SAC Aircraft Leasing Member is offered or identifies an Opportunity from a Counterparty and the Opportunity is formulated, and which shall contain the information of the Opportunity to the extent known to such SAC Aircraft Leasing Member at the time the notice is given
“SAC/Dynam Opportunity Notice”	the notice of an Opportunity in writing served by any member of SAC Aircraft Leasing Member or Dynam to the Independent Directors and DAIL when an Opportunity has been formulated, and which shall contain the information of the Opportunity to the extent known to such member of SAC Aircraft Leasing Member or Dynam at the time the notice is given
“SAIL”	Sato Aviation Ireland Limited, a company incorporated in the Republic of Ireland, and a subsidiary of SAC
“Sato Family Members”	each of Mrs. Keiko SATO (wife of Mr. Yoji SATO), Mrs. Yaeko NISHIWAKI (sister of Mr. Yoji SATO), 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
“substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“SFO”	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
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Party Purchaser”	a proposed purchaser who is an independent third party of Dynam and SAC Aircraft Leasing Member
“%”	percent.

* *All the English translation of certain Chinese names or words in this circular is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

LETTER FROM THE BOARD



DYNAM JAPAN HOLDINGS Co., Ltd.
(incorporated in Japan with limited liability)
(Stock Code: 06889)

Non-executive Directors:

Mr. Tatsuji FUJIMOTO
Mr. Yoji SATO
Mr. Kohei SATO
Mr. Noriaki USHIJIMA

Registered Office:

2-25-1-702 Nishi-Nippori
Arakawa-ku
Tokyo, 116-0013
Japan

Independent Non-executive Directors:

Mr. Ichiro TAKANO
Mr. Mitsutoshi KATO
Mr. Thomas Chun Kee YIP
Mr. Kei MURAYAMA
Mr. Kiyohito KANDA

*Principal Place of Business in
Hong Kong:*

Unit 1, 32/F, Hong Kong Plaza
188 Connaught Road West
Hong Kong

2 June 2020

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

2ND SUPPLEMENTAL DEED AND NEW COOPERATION FRAMEWORK AGREEMENT

Reference is made to the announcement dated 29 April 2020 in relation to the 2nd Supplemental Deed and New Cooperation Framework Agreement.

BACKGROUND

Reference is made to the announcements of the Company dated 26 September 2018 and 21 November 2018 and circular of the Company dated 28 November 2018 whereby (i) the Company, the Original Covenantors and the Additional Covenantors entered into the 1st Supplemental Deed to amend the Original Deed; and (ii) the Company and the SAC Aircraft Leasing Members entered into the Old Cooperation Framework Agreement which constituted a continuing connected transaction.

According to the Original Deed, each of the Original Covenantors has undertaken that during the term thereof, among other things:

- (i) it, he or she shall not 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 or she is given any opportunities which compete with the Restricted Activity, it, he or she shall inform the Company of such opportunity as soon as possible and provide such information to the Company. Further, it, he or she is not permitted to take up such opportunity whether or not the Company determines to pursue them.

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The above undertakings will collectively be referred to as the “**Undertakings**”.

Pursuant to the 1st Supplemental Deed, the SAC Aircraft Leasing Members, namely SAC and SAIL, were included as Additional Covenantors to the Original Deed and they are bound by the Original Deed.

Further, the 1st Supplemental Deed expanded the scope of exceptions to the Undertakings to cover the following:

- (i) 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 Old Cooperation Framework Agreement; and
- (ii) 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.

These exceptions will be collectively referred to as “**1st Supplemental Deed Exceptions**”.

Reference is made to the announcement of the Company dated 5 October 2018, whereby Mr. Kiyotaka SATO, who is one of the Original Covenantors to the Original Deed, has sold all of his shares in the Company and ceased to hold any equity interest in the Company on 3 October 2018. Pursuant to the Original Deed, the obligations of the covenantors under the Original Deed shall cease to have effect whatsoever on the date on which a covenantor and/or its/his/her associates, collectively and individually, cease to hold any equity interest in the Company. In August 2019, Mr. Kiyotaka SATO passed away.

2ND SUPPLEMENTAL DEED

The Board is pleased to announce that on 29 April 2020 (after trading hours) the Company (for itself and as trustee of the members of the Group) and the Covenantors entered into a 2nd Supplemental Deed to amend the Original Deed pursuant to which:

- (i) the 1st Supplemental Deed Exceptions were replaced with the following:
 - “(a) any acquisition, holding and disposal of any interest by any SAC Aircraft Leasing Members 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 on or before the 1st Supplemental Deed;
 - (b) any activity or business carried on by any member of SAC Aircraft Leasing Member and their respective associates (other than a member of the Group) pursuant to the Old Cooperation Framework Agreement on or before the date of the 2nd Supplemental Deed; and
 - (c) any activity or business to be carried on by any member of SAC Aircraft Leasing Member and their respective associates (other than a member of the Group) pursuant to the New Cooperation Framework Agreement.”
- (ii) the Covenantors and the Company agree and confirm to release and discharge Mr. Kiyotaka SATO from his obligations and undertakings under the Original Deed, and to exclude Mr. Kiyotaka SATO from being a covenantor to the Original Deed.

Conditions to the 2nd Supplemental Deed

This 2nd Supplemental Deed shall take effect upon the following conditions being satisfied on or before 30 June 2020:

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- (a) the Company having obtained the approval of Independent Shareholders in relation to the 2nd Supplemental Deed and the New Cooperation Framework Agreement;
- (b) the New Cooperation Framework Agreement having been duly executed by the SAC Aircraft Leasing Members, DAIL and the Company; and
- (c) the receipt by the Company of all other consents, approvals, clearances and authorizations in terms acceptable to the Company of any relevant governmental authorities or other relevant third parties in Japan, Hong Kong or elsewhere (including but not limited to the Stock Exchange) as may be considered necessary by the Company for the execution of the 2nd Supplemental Deed, the New Cooperation Framework Agreement and the transactions thereunder.

NEW COOPERATION FRAMEWORK AGREEMENT

The Board is pleased to announce that on 29 April 2020 (after trading hours) the Company (for itself and as trustee of the members of the Group), DAIL and the SAC Aircraft Leasing Members entered into the New Cooperation Framework Agreement pursuant to which the parties thereto have agreed to cooperate with each other in accordance to the terms therein.

Conditions to the New Cooperation Framework Agreement

The New Cooperation Framework Agreement is conditional on and shall take effect upon the following conditions being satisfied on or before 30 June 2020:

- (a) the Company having obtained the approval of Independent Shareholders in relation to the 2nd Supplemental Deed and the New Cooperation Framework Agreement;
- (b) the 2nd Supplemental Deed having been duly executed by the Covenantors and the Company; and
- (c) the receipt by the Company of all other consents, approvals, clearances and authorizations in terms acceptable to the Company of any relevant governmental authorities or other relevant third parties in Japan, Hong Kong or elsewhere (including but not limited to the Stock Exchange) as may be considered necessary by the Company for the execution of the 2nd Supplemental Deed, the New Cooperation Framework Agreement and the transactions thereunder.

Term

The New Cooperation Framework Agreement will become effective upon fulfilment of all of the conditions to the New Cooperation Framework Agreement.

The New Cooperation Framework Agreement shall be renewed automatically for succeeding terms of three (3) years each unless any party gives written notice to the other parties at least ninety (90) days prior to the expiration of any term of its intention not to renew.

Opportunities under the New Cooperation Framework Agreement

Under the New Cooperation Framework Agreement, an “**Opportunity**” means an opportunity for:

- (i) an acquisition of one or more aircraft or any interest thereof;
- (ii) a finance lease in respect of the leasing of aircraft, including financing arrangements in a sale and leaseback transaction;
- (iii) an operating lease in respect of leasing of aircraft;
- (iv) a disposal of one or more aircraft;
- (v) an acquisition of any interest in an Aircraft Company;
- (vi) a disposal of any interest in an Aircraft Company;

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- (vii) setting up a joint venture which is an Aircraft Company;
- (viii) a combination of any of (i) to (vi) above; or
- (ix) a bid for any of or combination of (i) to (vi).

Course of Action

Subject to the decision of the Independent Directors, when an Opportunity arises, any member of Dynam may pursue any of the following courses of action (“**Course of Action**”):

- (a) accept the Opportunity and pursue or proceed with the Opportunity, whether on its own or jointly with a third party, subject to the compliance of the Listing Rules and applicable laws;
- (b) (in case of acquisition or disposal of an interest in an Aircraft Company) accept the Opportunity and pursue or proceed with the Opportunity together with a SAC Aircraft Leasing Member as two separate entities, subject to the compliance of the Listing Rules and applicable laws;
- (c) accept the Opportunity and set up a company with a SAC Aircraft Leasing Member (“**Special Purpose Vehicle**”) and allow the Special Purpose Vehicle to pursue or proceed with the Opportunity, subject to compliance of the Listing Rules and applicable laws;
- (d) reject the Opportunity and refer the Opportunity to SAC Aircraft Leasing Members or any SAC Aircraft Leasing Member and give SAC Aircraft Leasing Members consent to pursue or proceed with the Opportunity; and
- (e) reject the Opportunity and disallow SAC Aircraft Leasing Members from pursuing or proceeding with the Opportunity.

Company or DAIL’s Opportunity

If any member of Dynam is offered or identifies an Opportunity and the following details having been formulated:

- (a) the subject matter of the Opportunity;
- (b) an estimation of the consideration for the Opportunity; and
- (c) identity of the counterparty,

such member of Dynam shall refer the Opportunity to the Independent Directors by issuing a Dynam Opportunity Notice together with DAIL’s Recommendation to the Independent Directors in the Monthly Report of the calendar month in which the Opportunity is formulated (or if the formulation of the Opportunity is on or after the 15th day of that calendar month, in the Monthly Report of the subsequent calendar month in which the Opportunity is formulated), if it decides to pursue the Opportunity with any of the SAC Aircraft Leasing Member or refer to SAC Aircraft Leasing Member.

If the Counterparty has disclosed to any member of Dynam that it wishes to pursue the Opportunity as soon as possible or the Counterparty has imposed a time constraint for pursuing the Opportunity and such member of Dynam considers that it would be impracticable for the Independent Directors to consider the Dynam Opportunity Notice and DAIL’s Recommendation with reference to the Monthly Report, the directors of DAIL shall compile an Ad Hoc Report and refer the Opportunity to the Independent Directors by giving the Dynam Opportunity Notice, DAIL’s Recommendation and Ad Hoc Report to the Independent Directors as soon as possible.

Within 30 days of receipt of Dynam Opportunity Notice, the Independent Directors shall consider whether to agree or disagree with DAIL’s Recommendation with reference to the information of the Opportunity in the Monthly Report or Ad Hoc Report. The Independent Directors may at any time request DAIL to provide further information or require an analysis report on the Opportunity and the respective

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Course of Action compiled by a third party in order for the Independent Directors to make an informed decision.

SAC Aircraft Leasing Member's Opportunity or Dynam/SAC Aircraft Leasing Member's Opportunity

If any of the following events ("**Event**") occurs:

- (a) Any SAC Aircraft Leasing Member is offered or identifies an Opportunity from a Counterparty;
- (b) Any member of Dynam and SAC Aircraft Leasing Member are offered or identify, individually the same Opportunity from a Counterparty; or
- (c) Any member of Dynam and SAC Aircraft Leasing Member are offered or identify an Opportunity from a Counterparty which requires the relevant member of Dynam and SAC Aircraft Leasing Member to participate jointly;

the relevant member of Dynam and/or SAC Aircraft Leasing Member shall follow the procedures as stated below.

SAC Aircraft Leasing Member's Opportunity

In the case of Event (a) above, such member of SAC Aircraft Leasing Member shall inform the Counterparty of the Original Deed and the New Cooperation Framework Agreement and obtain consent from such Counterparty for the disclosure of the details of the Opportunity to the Company.

If the Counterparty disagrees to disclose the details of the Opportunity to the Company, within 5 Business Days from the date the Counterparty informs SAC Aircraft Leasing Member of its decision, such SAC Aircraft Leasing Member shall inform the Independent Directors in writing: (i) the decision of the Counterparty; and (ii) the reason why the Counterparty disagrees with the disclosure of the details of the Opportunity to the Company. The SAC Aircraft Leasing Member cannot pursue the Opportunity, unless the Independent Directors after considering the reason why the Counterparty disagrees with the disclosure of the details of the Opportunity to the Company allow such SAC Aircraft Leasing Member to pursue the Opportunity.

If the Counterparty agrees to disclose the details of the Opportunity to the Company, and the following details of the Opportunity have been formulated:

- (i) the subject matter of the Opportunity;
- (ii) an estimation of the consideration for the Opportunity; and
- (iii) identity of the Counterparty;

SAC Aircraft Leasing Member shall serve the Independent Directors and DAIL a SAC Opportunity Notice.

DAIL shall, within 30 days of receipt of SAC's Opportunity Notice, serve a DAIL's Recommendation to the Independent Directors. If the SAC's Opportunity Notice has disclosed that the Counterparty wishes to pursue the Opportunity as soon as possible or that the Counterparty has imposed a time constraint for the parties to pursue the Opportunity, and DAIL considers that it would be impracticable for the Independent Directors to consider DAIL's Recommendation with reference to the Monthly Report, DAIL shall compile an Ad Hoc Report, and DAIL shall serve the DAIL's Recommendation and Ad Hoc Report as soon as possible.

Dynam/SAC Aircraft Leasing Member's Opportunity

In the case of Event (b) or Event (c) above and the following details of the Opportunity have been formulated:

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- (i) the subject matter of the Opportunity;
- (ii) an estimation of the consideration for the Opportunity; and
- (iii) identity of the Counterparty;

then (I) the relevant members of SAC Aircraft Leasing Member shall within 30 days upon the formulation of details of the Opportunity serve a SAC/Dynam Opportunity Notice; and (II) Dynam shall serve a SAC/Dynam Opportunity Notice and DAIL shall serve a DAIL's Recommendation in the Monthly Report of that calendar in which the Opportunity is formulated (or if the formulation of the Opportunity is on or after the 15th day of that calendar month, in the Monthly Report of the subsequent calendar month in which the Opportunity is formulated), to the Independent Directors.

If the Counterparty has informed the relevant SAC Aircraft Leasing Member and Dynam that it wishes to pursue the Opportunity as soon as possible or if the Counterparty has imposed a time constraint for the parties to pursue the Opportunity, and DAIL considers that it would be impracticable for the Independent Directors to consider DAIL's Recommendation with reference to the Monthly Report, DAIL shall compile an Ad Hoc Report, and (I) DAIL shall serve the SAC/Dynam Opportunity Notice, DAIL's Recommendation and Ad Hoc Report; and (II) the relevant member of SAC Aircraft Leasing Member shall serve its SAC/Dynam Opportunity Notice, to the Independent Directors as soon as possible.

Independent Directors' Decision

Within 30 days of the receipt of (i) SAC Opportunity Notice or SAC/Dynam Opportunity Notices; or (ii) DAIL's Recommendation, whichever is later, the Independent Directors shall consider SAC's Opportunity Notice or SAC/Dynam Opportunity Notice with reference to the information on the Opportunity in the Monthly Report or Ad Hoc Report (whichever is applicable) and shall serve a notice of its decision to the relevant members of Dynam or SAC Aircraft Leasing Member in writing which shall specify whether the Independent Director agrees or disagrees with DAIL's Recommendation, and if the Independent Directors disagrees with DAIL's Recommendation, the Course of Action the Independent Directors has chosen.

The Independent Directors may at any time request DAIL or the relevant member of SAC Aircraft Leasing Member to provide further information or require an analysis report on the Opportunity and the respective Course of Action compiled by a third party in order for the Independent Directors to make an informed decision.

After receipt of the notice of the Independent Directors' decision, the relevant SAC Aircraft Leasing Member shall inform the Counterparty of the decision of the Independent Directors as soon as possible.

If any of the Course of Actions (b), (c), (d) or (e) is pursued, the relevant member of SAC Aircraft Leasing Member shall copy an employee of the Company as designated by the Company in all future communications with the counterparty of the respective Opportunity. Such employee of the Company shall report any material changes in the terms of the Opportunity in the Monthly Report of that calendar month in which such material change has been made (or if such material change has been made on or after 15th day of that calendar month, in the Monthly Report of the subsequent calendar month in which such material change has been made). If DAIL or the Company considers that it is impracticable for the Independent Directors to consider any material changes of the Opportunity with reference to the Monthly Report, DAIL shall procure such employee of the Company to compile an Ad Hoc Report and serve the Ad Hoc Report to the Independent Directors as soon as possible. If the Independent Directors or DAIL considers that any of the terms of the Opportunity has changed materially at any time, DAIL may amend the DAIL's Recommendation and the Independent Directors shall serve a revised decision notice of the Independent Director's decision to SAC Aircraft Leasing Member.

LETTER FROM THE BOARD

Right of First Refusal

The Company has the right of first refusal if any of SAC Aircraft Leasing Member wishes to dispose of any of its aircraft or any interest in an Aircraft Company to a Third Party Purchaser.

If any of the SAC Aircraft Leasing Member wishes to dispose of any of its aircraft, or any interest in an Aircraft Company to a Third Party Purchaser, it shall serve a Right of First Refusal Notice to the Independent Directors and the Company offering to sell its aircraft (or any interest thereof) or interest in such Aircraft Company beneficially owned by such SAC Aircraft Leasing Member ("**Offer**"). Such Right of First Refusal Notice is irrevocable.

The Right of First Refusal Notice shall specify the following:

- (a) the details of the asset or equity to be disposed of in the Offer;
- (b) the price of the asset or equity to be disposed of in the Offer ("**Disposal Price**");
- (c) the details of the Third Party Purchaser (if any); and
- (d) other terms and conditions in relation to the Offer.

DAIL shall within 7 Business Days from the date of Right of First Refusal Notice serve a DAIL's Offer Recommendation to the Independent Directors, which shall specify whether it recommends any members of Dynam to accept or reject the Offer, and a summary of the reason for its recommendation.

Within a period of 30 days from the date of DAIL's Offer Recommendation, the Independent Directors shall consider whether to agree with DAIL's Offer Recommendation with reference to the information on the Offer in the Monthly Report. The Independent Directors shall accept the Offer by giving notice in writing to the relevant SAC Aircraft Leasing Member ("**Acceptance Notice**") or to reject the Offer by giving notice in writing to the relevant SAC Aircraft Leasing Member ("**Rejection Notice**"). The Independent Directors shall at any time be at liberty to request the relevant member of SAC Aircraft Leasing Member or DAIL to provide further information or require DAIL to provide an analysis report on the Offer and a respective recommendation compiled by a third party in order for the Independent Directors to make an informed decision.

If the Offer is accepted by the Independent Directors, the relevant members of SAC Aircraft Leasing Member and Dynam shall execute a letter of intent for the Offer, within 30 days from the date of the Acceptance Notice, subject to the compliance of Listing Rules and applicable laws. The relevant SAC Aircraft Leasing Member and Dynam shall use their best endeavours to complete the Offer as soon as possible.

If the Offer is not accepted by the Independent Directors, such SAC Aircraft Leasing Member shall be entitled within 30 days following the receipt of the Rejection Notice to sell and complete the sale of its aircraft (or any interest thereof) or interest in Aircraft Company at the Disposal Price and on terms and conditions no more favourable to the Third Party Purchaser than the terms of the Offer comprised in the Right of First Refusal Notice.

NEW COOPERATION FRAMEWORK AGREEMENT v.s. OLD COOPERATION FRAMEWORK AGREEMENT

In summary, the following details has been changed for the New Cooperation Framework Agreement:

Old Cooperation Framework Agreement	New Cooperation Framework Agreement
The opportunities governed under the Old Cooperation Framework Agreement are: (i) Private Deal Opportunity, i.e. an opportunity available to, or an offer made	An Opportunity is defined under the New Cooperation Framework Agreement as an opportunity for:

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<p>to a single party for acquisition or leasing of (i) aircraft; (ii) interest in an entity which owns aircraft; and (iii) interest in an entity which carries on the Aircraft Leasing Business; and</p> <p>(ii) Joint Bid Opportunity, i.e. a bid to acquire or lease of (i) aircraft; (ii) interest in an entity which owns aircraft; and (iii) interest in an entity which carries on the Aircraft Leasing Business, which is open to more than one party to make a joint bid. Such joint bid does not involve the co-ownership of any aircraft for the formation of joint venture for such bidding.</p>	<p>(i) an acquisition of one or more aircraft or any interest thereof;</p> <p>(ii) a finance lease in respect of the leasing of aircraft, including financing arrangements in a sale and leaseback transaction;</p> <p>(iii) an operating lease in respect of leasing of aircraft;</p> <p>(iv) a disposal of one or more aircraft;</p> <p>(v) an acquisition of any interest in an Aircraft Company;</p> <p>(vi) a disposal of any interest in an Aircraft Company;</p> <p>(vii) setting up a joint venture which is an Aircraft Company;</p> <p>(viii) a combination of any of (i) to (vi) above; or</p> <p>(ix) a bid for any of or combination of (i) to (vi).</p>
<p>When a SAC Aircraft Leasing Member encounters a Private Deal opportunity, it shall refer the Private Deal Opportunity to the Company. The SAC Aircraft Leasing Member can only proceed with the Private Deal Opportunity if the Company rejects the Private Deal Opportunity.</p> <p>When a SAC Aircraft Leasing Member identifies a Joint Bid Opportunity, it shall refer it to the Company, and the Company has the right to decide whether to participate in such bidding and whether to participate in such bidding jointly with the relevant SAC Aircraft Leasing Members.</p>	<p>When an Opportunity arises, whether such is encountered by SAC Aircraft Leasing Member, DAIL or the Company, one of the Courses of Actions may be pursued by DAIL or the Company, namely:</p> <p>(a) accept the Opportunity and pursue or proceed with the Opportunity, whether on its own or jointly with a third party;</p> <p>(b) (in case of acquisition or disposal of an interest in an Aircraft Company) accept the Opportunity and pursue or proceed with the Opportunity together with a SAC Aircraft Leasing Member as two separate entities;</p> <p>(c) accept the Opportunity and set up a Special Purpose Vehicle with a SAC Aircraft Leasing Member and allow the Special Purpose Vehicle to pursue or proceed with the Opportunity;</p> <p>(d) reject the Opportunity and refer the Opportunity to SAC Aircraft Leasing Members or any SAC Aircraft Leasing Member and give SAC Aircraft Leasing Members consent to pursue or proceed with the Opportunity; and</p> <p>(e) reject the Opportunity and disallow SAC Aircraft Leasing Members from pursuing or proceeding with the Opportunity.</p>
<p>Before referring the Private Deal Opportunity to the Independent Directors for their decision, the SAC Aircraft Leasing Member has to enter into a non-disclosure agreement with the third party counterparty and thereafter enter into a letter of intent containing all major terms relating to the Private Deal Opportunity with the third party counterparty.</p> <p>In relation to a Joint Bid Opportunity the Company, SAC Aircraft Leasing Member and the third party</p>	<p>When the details of an Opportunity have been formulated:</p> <p>(a) if any member of Dynam identified such Opportunity, Dynam shall refer it to the Independent Directors if it wishes to pursue the Opportunity jointly with the SAC Aircraft Leasing Members, or refer the Opportunity to a SAC Aircraft Leasing Member;</p>

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<p>counterparty has to finalise a letter of intent before referring the opportunity to the Independent Directors for their decision.</p>	<p>(b) if a SAC Aircraft Leasing Member identifies such Opportunity, it will first obtain the consent of the Counterparty to disclose the details of the Opportunity to the Company, and thereafter refer the Opportunity to the Independent Directors;</p> <p>(c) if any member of SAC Aircraft Leasing Member and Dynam jointly or both individually identify an Opportunity, it will refer the Opportunity to the Independent Directors.</p> <p>The Independent Directors shall consider the Opportunity based on DAIL's Recommendation and the information on the Opportunity in the Monthly Report or Ad Hoc Report, whichever is applicable.</p>
<p>If any SAC Aircraft Leasing Member wishes to dispose of any (a) aircraft; (b) interest in an entity which owns aircraft; and (c) interest in an entity which carries on Aircraft Leasing Business ("Available-for-Sale Asset"), the Company has the right of first refusal of such disposal, and SAC Aircraft Leasing Member shall refer the intended disposal to the Company by sending out a notice to set out (a) particulars of Available-for-Sale Asset, (b) the price of Available-for-Sale Asset offered by the Third Party Purchaser; and (c) other material terms. The Independent Directors will consider whether to agree or decline to acquire such asset based on the notice.</p>	<p>If any SAC Aircraft Leasing Member wishes to dispose of any of its aircraft, or any interest in an Aircraft Company to a proposed purchaser, it will serve a notice to the Independent Directors, and the Independent Directors will consider whether to exercise the right of first refusal based on DAIL's Offer Recommendation and the details of such disposal in the Monthly Report or Ad Hoc Report.</p>

REASONS FOR ENTERING INTO THE 2ND SUPPLEMENTAL DEED AND NEW COOPERATION FRAMEWORK AGREEMENT

The Group is continuously exploring opportunities to accelerate its expansion and diversification of the Group's Aircraft Leasing Business as well as its fleet portfolio. SAC Aircraft Leasing Members have been in the Aircraft leasing Business for many years and have accumulated substantial business connections as well as knowledge in the Aircraft Leasing Business. Therefore, the Directors are of the view that partnering with SAC Aircraft Leasing Members could bring more business opportunities relating to the purchase of aircraft or Aircraft Leasing Businesses to the Group.

After the Old Cooperation Framework Agreement was entered into by the relevant parties as announced by the Company on 26 September 2018 and 21 November 2018, the Company has found that there was a need to enter into the New Cooperation Framework Agreement in order to broaden the Old Cooperation Framework Agreement. The New Cooperation Framework Agreement would be able to cover a wider spectrum of opportunities, as well as cater for the situation where the Group wishes to refer the Opportunities to SAC Aircraft Leasing Members or pursue the Opportunities together with SAC Aircraft Leasing Members, other than Joint Bid Opportunities. As the Group builds further business relations in the aircraft leasing industry, it would inevitably encounter Opportunities in which the Group could partner with SAC Aircraft Leasing Members so that the Group may participate in the Opportunity as well as benefit from the extensive experience and resources of the SAC Aircraft Leasing Members.

LETTER FROM THE BOARD

Further, the Group also wanted to further streamline the procedures, such that the parties to an Opportunity would not be required to draft and execute letters of intent before it is being referred to the Independent Directors for decisions. Instead, the Independent Directors would be able to make an informed decision when they consider the relevant Opportunity with reference to DAIL's Recommendation, DAIL's Offer Recommendation, Monthly Report and/or Ad Hoc Report.

As such, the Group entered into the 2nd Supplemental Deed in order to incorporate the New Cooperation Framework Agreement to govern one of the exceptions for the activities/ business allowed to be carried on by the SAC Aircraft Leasing Members under the Original Deed.

Pursuant to the 2nd Supplemental Deed, the SAC Aircraft Leasing Members will only conduct Aircraft Leasing Business pursuant to the terms of the New Cooperation Framework Agreement, in which if any of the SAC Aircraft Leasing Members encounters an Opportunity, it would have to first consult with the Company on whether it wishes to participate in or pursue the Opportunity. As such, there will be no actual or potential competition between SAC Aircraft Leasing Members and the Company. Further, as Mr. Kiyotaka SATO has sold all of his shares in the Company and ceased to hold any equity interest in the Company and thereafter passed away, there will be no actual or potential competition between Mr. Kiyotaka SATO and the Company.

Pursuant to Chapter 14A of the Listing Rules, the entering into of the 2nd Supplemental Deed and New Cooperation Framework Agreement constitutes a connected transaction of the Company. If an Opportunity is being pursued by any member of Dynam together with any member of SAC Aircraft Leasing Members pursuant to the New Cooperation Framework Agreement, such transaction will constitute a connected transaction and the Company will further comply with all of the applicable requirements under Chapter 14A of the Listing Rules.

The Directors consider that the terms of the 2nd Supplemental Deed and New Cooperation Framework Agreement are fair and reasonable and is in the interest of the Company and the Shareholders as a whole. The Directors confirmed that the entering into the 2nd Supplemental Deed by the Company is not in the ordinary and usual course of business of the Group, but the entering into the New Cooperation Framework Agreement by the Company is in its ordinary and usual course of business. The Directors further confirmed that the 2nd Supplemental Deed and the New Cooperation Framework Agreement will have no material adverse impact on the Company's operations and financial position.

INFORMATION ABOUT THE PARTIES

The Group is principally engaged in the business of pachinko hall operation and global Aircraft Leasing Business.

DAIL is a company formed under the laws of the Republic of Ireland and an indirect wholly-owned subsidiary of the Company. It is principally engaged in Aircraft Leasing Business.

SAC was incorporated in Hong Kong in 2015 by Mr. Yoji SATO, who is a non-executive Director and a controlling Shareholder of the Company. SAC carries on Aircraft Leasing Business.

SAIL is a company formed under the laws of the Republic of Ireland, it is the subsidiary of SAC, and carries on Aircraft Leasing Business.

IMPLICATION OF THE LISTING RULES

Other than SAIL, each of the Covenantors is a substantial Shareholder of the Company and thus is a connected person of the Company under the Listing Rules. As at the date of this circular, 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.

LETTER FROM THE BOARD

Accordingly, pursuant to Chapter 14A of the Listing Rules, the entering into of the 2nd Supplemental Deed and New Cooperation Framework Agreement constitutes a connected transaction of the Company and is subject to the reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules.

The Independent Board Committee has been formed to advise the Independent Shareholders on the 2nd Supplemental Deed and the New 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 2nd Supplemental Deed and the New Cooperation Framework Agreement.

The Independent Shareholders will consider and, if thought fit, pass the requisite resolution to approve the 2nd Supplemental Deed and the New Cooperation Framework Agreement at the AGM.

AGM

A notice convening the AGM is despatched together with this circular. The AGM will be held at 2-25-1-702 Nishi-Nippori, Arakawa-ku, Tokyo, Japan on 24 June 2020 at 10:00 a.m. (Japan time). A form of proxy for use at the AGM is enclosed with this circular. Such form of proxy is also published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (<http://www.dyjh.co.jp/>), respectively.

Shareholders are advised to read the notice of AGM and if you are not able to attend the AGM or its adjournment (as the case may be) in person but wish to exercise your right as a Shareholder, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time fixed for holding the AGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

Any connected person of the Company with a material interest in the 2nd Supplemental Deed, New Cooperation Framework Agreement and the transactions contemplated thereunder, and any Shareholder with a material interest in such transaction and its associates, shall not vote on the resolution in relation thereto. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Covenantors (other than SAIL) who are parties under the 2nd Supplemental Deed or the associates thereof, and their respective associates are required to abstain from voting on the relevant resolution at the AGM.

VOTING BY WAY OF POLL

In compliance with Rule 13.39(4) of the Listing Rules, save for resolutions which relate purely to a procedural or administrative matter to be voted by a show of hands, any vote of the shareholders at a general meeting must be taken by poll. Accordingly, the ordinary resolution to be proposed at the AGM will be voted by way of a poll by the Shareholders.

An explanation of the detailed procedures of conducting a poll will be provided to the Shareholders at the AGM. Computershare Hong Kong Investor Services Limited, the share registrar of the Company in Hong Kong, will serve as the scrutineers for the vote-taking. The Company will publish an announcement on the poll results on the respective websites of the Company at <http://www.dyjh.co.jp/> and the Stock Exchange at www.hkexnews.hk shortly after the conclusion of the AGM pursuant to Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Ichiro TAKANO, Mr. Mitsutoshi KATO, Mr. Thomas Chun Kee YIP, Mr. Kei MURAYAMA and Mr. Kiyohito KANDA, has been established to advise and provide recommendation to the Independent Shareholders in respect of the 2nd Supplemental Deed, New Cooperation Framework Agreement and the transactions contemplated thereunder after taking into account of the advice from the Independent Financial Adviser.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on page 16 of this circular and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which is set out on pages 17 to 30 of this circular containing their advice and recommendation to the Independent Board Committee and the Independent Shareholders regarding the terms of the 2nd Supplemental Deed, New Cooperation Framework Agreement and the transactions thereunder as well as the principal factors and reasons taken into consideration in arriving at their advice.

RECOMMENDATION

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the 2nd Supplemental Deed and New Cooperation Framework Agreement are normal commercial terms and fair and reasonable, the entering into the terms of the 2nd Supplemental Deed and New Cooperation Framework Agreement are in the interests of the Group and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the resolutions to be proposed at the AGM to approve the 2nd Supplemental Deed, New Cooperation Framework Agreement and the transactions contemplated thereunder.

The excluded Directors are: Mr. Yoji SATO and Mr. Kohei SATO. The excluded Directors were either not present at the relevant Board meeting or abstained from voting on the Board resolution approving the 2nd Supplemental Deed and New Cooperation Framework Agreement to avoid any conflict of interests.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

The English version shall prevail in case of any discrepancy or inconsistency between this English version and its Chinese translation.

Yours faithfully,
For and on behalf of the Board of
DYNAM JAPAN HOLDINGS CO., LTD.
Tatsuji FUJIMOTO
Chairman of the Board

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



DYNAM JAPAN HOLDINGS Co., Ltd.
(incorporated in Japan with limited liability)
(Stock Code: 06889)

2 June 2020

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

2ND SUPPLEMENTAL DEED AND NEW COOPERATION FRAMEWORK AGREEMENT

We refer to the circular of the Company dated 2 June 2020 (“**Circular**”) despatched to the Shareholders of which this letter forms part. Unless the context requires otherwise, terms and expressions defined or adopted in the Circular shall have the same respective meanings in this letter.

We have been appointed by the Board to form the Independent Board Committee to advise the Independent Shareholders as to whether the 2nd Supplemental Deed and New Cooperation Framework Agreement were entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, and whether its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Independent Board Committee has appointed Ballas Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2nd Supplemental Deed, New Cooperation Framework Agreement and the transactions contemplated thereunder.

We wish to draw your attention to the section headed “Letter from the Board” as set out on pages 4 to 15 of the Circular and the section headed “Letter from the Independent Financial Adviser” as set out on pages 17 to 30 of the Circular.

Having taken into account the principal factors and reasons considered by the Independent Financial Adviser, its conclusion and advice, we concur with the opinion of the Independent Financial Adviser that (i) although the 2nd Supplemental Deed was not entered into in the ordinary and usual course of business of the Group, the terms of the 2nd Supplemental Deed are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the entering into of the New Cooperation Framework Agreement is in the ordinary and usual course of business of the Group and the terms of the New Cooperation Framework Agreement are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution (the text of which is contained in the notice of AGM) to be proposed at the AGM to approve the 2nd Supplemental Deed and New Cooperation Framework Agreement.

Yours faithfully,
Independent Board Committee
DYNAM JAPAN HOLDINGS CO., LTD.

Ichiro TAKANO Mitsutoshi KATO Thomas Chun Kee Kei MURAYAMA Kiyohito KANDA
YIP
Independent Non-Executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Ballas Capital Limited prepared for the purpose of inclusion in this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the 2nd Supplemental Deed and New Cooperation Framework Agreement.



Unit 1802, 18/F,
1 Duddell Street, Central
Hong Kong

2 June 2020

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sir or Madam,

CONNECTED TRANSACTION – 2ND SUPPLEMENTAL DEED AND NEW COOPERATION FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the 2nd Supplemental Deed and the New Cooperation Framework Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular (the “**Circular**”) of the Company to the Shareholders dated 2 June 2020, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As disclosed in the Letter from the Board, on 29 April 2020, (i) the Company (for itself and as trustee of the members of the Group) and the Covenantors entered into a 2nd Supplemental Deed to amend the Original Deed; and (ii) the Company (for itself and as trustee of the members of the Group) and DAIL entered into a New Cooperation Framework Agreement with the SAC Aircraft Leasing Members.

As set out in the Letter from the Board, as at the Latest Practicable Date, other than SAIL, each of the Covenantors is a substantial Shareholder of the Company and thus is a connected person of the Company under the Listing Rules. 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. Accordingly, pursuant to Chapter 14A of the Listing Rules, the entering into of the 2nd Supplemental Deed and New Cooperation Framework Agreement constitutes a connected transaction of the Company and is subject to the reporting, announcement and the Independent Shareholders’ approval requirements under the Listing Rules.

An Independent Board Committee comprising Mr. Ichiro TAKANO, Mr. Mitsutoshi KATO, Mr. Thomas Chun Kee YIP, Mr. Kei MURAYAMA and Mr. Kiyohito KANDA, all being independent non-executive Directors, has been established to advise and make recommendation to the Independent Shareholders in relation to the 2nd Supplemental Deed and the New Cooperation Framework Agreement.

INDEPENDENCE DECLARATION

We are not associated or connected with the Company, the counterparties of each of the 2nd Supplemental Deed and the New Cooperation Framework Agreement or their respective core connected persons or associates. In the two years prior to this declaration and up to the Latest Practicable Date, save for this appointment as the Independent Financial Adviser in relation to the 2nd Supplemental Deed and the New Cooperation Framework Agreement, we had not been engaged by and did not have any relationship with or interests in the Company or any other parties that could be reasonably regarded as a

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

hindrance to Ballas Capital Limited's independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2nd Supplemental Deed and the New Cooperation Framework Agreement. Accordingly, we consider we are eligible to give independent advice on the 2nd Supplemental Deed and the New Cooperation Framework Agreement.

BASIS OF OUR OPINION

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and the senior management of the Company.

The Directors have declared in a responsibility statement set out in the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained and representations made in the Circular and that there are no other matters the omission of which would make any statement in the Circular misleading. We have also assumed that the information and the representations made by the Directors as contained or referred to in the Circular were true and accurate at the time they were made and continue to be so up to the date of the AGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the senior management of the Company. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, the counterparties of each of the 2nd Supplemental Deed and the New Cooperation Framework Agreement or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and advice to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

A. Background of and reasons for entering into the 2nd Supplemental Deed and New Cooperation Framework Agreement

As at the Latest Practicable Date, the Group is principally engaged in the business of pachinko hall operation in Japan and global Aircraft Leasing Business. DAIL is an indirect wholly-owned subsidiary of the Company principally engaged in Aircraft Leasing Business. SAC, a controlling Shareholder of the Company, and its subsidiary, SAIL, carried on Aircraft Leasing Business since 2015.

The Company was listed on the Main Board of the Stock Exchange on 6 August 2012 (the "**Listing**"). Since the Listing and until the entering into the Old Cooperation Framework Agreement and the 1st Supplemental Deed in September 2018, the Group had been principally engaged in pachinko hall operation in Japan.

As disclosed in the Company's announcement dated 26 September 2018 and circular dated 28 November 2018, given the pachinko hall industry continued to experience a harsh operating environment, in order to promote further business development of the Group, the Board considered that, there was 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 intended to tap into the Aircraft Leasing Business with the support from the SAC Aircraft Leasing Members. In this respect, on 26 September 2018, the Company and the SAC Aircraft Leasing Members entered into

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the Old Cooperation Framework Agreement and the Company, the Original Covenantors and the Additional Covenantors entered into the 1st Supplemental Deed. The Old Cooperation Framework Agreement and the 1st Supplemental Deed were approved by the then Independent Shareholders on 20 December 2018.

As disclosed in the Letter from the Board, after the execution of the Old Cooperation Framework Agreement, the Company has found that there was a need to enter into the New Cooperation Framework Agreement in order to broaden the Old Cooperation Framework Agreement, to cover a wider spectrum of opportunities, and also cater for the situation where the Group wishes to refer the Opportunities to SAC Aircraft Leasing Members or pursue the Opportunities together with SAC Aircraft Leasing Members, other than Joint Bid Opportunities. As the Group builds further business relations in the aircraft leasing industry, it would inevitably encounter Opportunities in which the Group could partner with SAC Aircraft Leasing Members so that the Group may participate in the Opportunity as well as benefit from the extensive experience and resources of the SAC Aircraft Leasing Members.

Further, the Group also wanted to further streamline the procedures, such that the parties to an Opportunities would not be required to draft and execute letters of intent before it is being referred to the Independent Directors for decisions. Instead, the Independent Directors would be able to make an informed decision when they consider the relevant Opportunity with reference to DAIL's Recommendation, DAIL's Offer Recommendation, Monthly Report and/or Ad Hoc Report, whichever is applicable.

The Group entered into the 2nd Supplemental Deed in order to incorporate the New Cooperation Framework Agreement to govern one of the exceptions for the activities/ business allowed to be carried on by the SAC Aircraft Leasing Members under the Original Deed.

Pursuant to the 2nd Supplemental Deed, the SAC Aircraft Leasing Members will only conduct Aircraft Leasing Business pursuant to the terms of the New Cooperation Framework Agreement, in which if any of the SAC Aircraft Leasing Members encounters an Opportunity, it would have to first consult with the Company on whether it wishes to participate in or pursue the Opportunity. As such, there will be no actual or potential competition between SAC Aircraft Leasing Members and the Company. Further, as Mr. Kiyotaka Sato has sold all of his shares in the Company and ceased to hold any equity interest in the Company and thereafter passed away, there will be no actual or potential competition between Mr. Kiyotaka Sato and the Company. Therefore, pursuant to the 2nd Supplemental Deed, Mr. Kiyotaka Sato was released and discharged from his obligations and undertakings under the Original Deed, and excluded from being a covenantor to the Original Deed.

Our view

Taking into account the above, in particular the fact that the 2nd Supplemental Deed and the New Cooperation Framework Agreement allow the Group to enjoy the flexibility to cooperate with SAC Aircraft Leasing Member in the Aircraft Leasing Business and leverage on the experience, knowledge and resources of SAC Aircraft Leasing Members in the Aircraft Leasing Business, and our analysis on the major terms of the 2nd Supplemental Deed and the New Cooperation Framework Agreement (as elaborated below), we consider the entering into of the 2nd Supplemental Deed and the New Cooperation Framework Agreement is in the interests of the Company and the Shareholders as a whole.

B. Principal terms of the New Cooperation Framework Agreement

As set out in the Letter from the Board, pursuant to the New Cooperation Framework Agreement, the Company, DAIL and the SAC Aircraft Leasing Members have agreed to cooperate with each other in accordance to the terms therein. The New Cooperation Framework Agreement will supersede and replace the Old Cooperation Framework Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The principal terms of the New Cooperation Framework Agreement are as follows:

(I) Opportunities under the New Cooperation Framework Agreement

Under the New Cooperation Framework Agreement, an “Opportunity” means an opportunity for:

- (i) an acquisition of one or more aircraft or any interest thereof;
- (ii) a finance lease in respect of the leasing of aircraft, including financing arrangements in a sale and leaseback transaction;
- (iii) an operating lease in respect of leasing of aircraft;
- (iv) a disposal of one or more aircraft;
- (v) an acquisition of any interest in an Aircraft Company;
- (vi) a disposal of any interest in an Aircraft Company;
- (vii) setting up a joint venture which is an Aircraft Company;
- (viii) a combination of any of (i) to (vi) above; or
- (ix) a bid for any of or combination of (i) to (vi).

Course of Action

Subject to the decision of the Independent Directors, when an Opportunity arises, any member of Dynam may pursue any of the following Course of Action:

- (a) accept the Opportunity and pursue or proceed with the Opportunity, whether on its own or jointly with a third party, subject to the compliance of the Listing Rules and applicable laws;
- (b) (in case of acquisition or disposal of an interest in an Aircraft Company) accept the Opportunity and pursue or proceed with the Opportunity together with a SAC Aircraft Leasing Member as two separate entities, subject to the compliance of the Listing Rules and applicable laws;
- (c) accept the Opportunity and set up a Special Purpose Vehicle with a SAC Aircraft Leasing Member to pursue or proceed with the Opportunity, subject to compliance of the Listing Rules and applicable laws;
- (d) reject the Opportunity and refer the Opportunity to SAC Aircraft Leasing Members or any SAC Aircraft Leasing Member and give SAC Aircraft Leasing Members consent to pursue or proceed with the Opportunity; and
- (e) reject the Opportunity and disallow SAC Aircraft Leasing Members from pursuing or proceeding with the Opportunity.

Company or DAIL’s Opportunity

If any member of Dynam is offered or identifies an Opportunity and it decides to pursue the Opportunity with any of the SAC Aircraft Leasing member or refer to SAC Aircraft Leasing Member, such member of Dynam shall refer the Opportunity to the Independent Directors by issuing a Dynam Opportunity Notice together with DAIL’s Recommendation to the Independent Directors in the Monthly Report or, in cases where the Counterparty wishes to pursue the Opportunity as soon as possible or the Counterparty has imposed a time constraint for pursuing the Opportunity (“**Urgent Opportunities**”), the Ad Hoc Report.

SAC Aircraft Leasing Member’s Opportunity or Dynam/SAC Aircraft Leasing Member’s Opportunity

If any of the following Events occurs:

- (a) Any SAC Aircraft Leasing Member is offered or identifies an Opportunity from a Counterparty;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (b) Any member of Dynam and SAC Aircraft Leasing Member are offered or identify, individually the same Opportunity from a Counterparty; or
- (c) Any member of Dynam and SAC Aircraft Leasing Member are offered or identify an Opportunity from a Counterparty which requires the relevant member of Dynam and SAC Aircraft Leasing Member to participate jointly;

the relevant member of Dynam and/or SAC Aircraft Leasing Member shall follow the procedures as stated below.

In case of Event (a) above, if the Counterparty agrees to disclose the details of the Opportunity to the Company, and the details of the Opportunity ("**Opportunity Details**"), including the subject matter, estimated consideration, identity of the Counterparty, have been formulated, (i) SAC Aircraft Leasing Member shall serve the Independent Directors and DAIL a SAC Opportunity Notice; and (ii) DAIL shall, within 30 days of receipt of SAC's Opportunity Notice, serve a DAIL's Recommendation to the Independent Directors in the Monthly Report or, in case of Urgent Opportunities, the Ad Hoc Report.

If the Counterparty disagrees to disclose the details of the Opportunity to the Company, within 5 Business Days from the date the Counterparty informs SAC Aircraft Leasing Member of its decision, such SAC Aircraft Leasing Member shall inform the Independent Directors in writing: (i) the decision of the Counterparty; and (ii) the reason why the Counterparty disagrees with the disclosure of the details of the Opportunity to the Company. The SAC Aircraft Leasing Member cannot pursue the Opportunity, unless the Independent Directors after considering the reason why the Counterparty disagrees with the disclosure of the details of the Opportunity to the Company allow such SAC Aircraft Leasing Member to pursue the Opportunity.

In case of Event (b) and Event (c) above, (i) the relevant members of SAC Aircraft Leasing Member shall within 30 days upon the formulation of the Opportunity Details serve a SAC/Dynam Opportunity Notice; and (ii) Dynam shall serve a SAC/Dynam Opportunity Notice and DAIL shall serve a DAIL's Recommendation to the Independent Directors in the Monthly Report or, in case of Urgent Opportunities, the Ad Hoc Report.

Independent Directors' Decision

Within 30 days of the receipt of (i) SAC Opportunity Notice or SAC/Dynam Opportunity Notices; or (ii) DAIL's Recommendation, whichever is later, the Independent Directors shall consider SAC's Opportunity Notice or SAC/Dynam Opportunity Notice with reference to the information on the Opportunity in the Monthly Report or Ad Hoc Report (whichever is applicable) and shall serve a notice of its decision to the relevant members of Dynam or SAC Aircraft Leasing Member in writing which shall specify whether the Independent Director agrees or disagrees with DAIL's Recommendation, and if the Independent Directors disagree with DAIL's Recommendation, the Course of Action the Independent Directors has chosen.

The Independent Directors may at any time request DAIL or the relevant member of SAC Aircraft Leasing Member to provide further information or require an analysis report on the Opportunity and the respective Course of Action compiled by a third party in order for the Independent Directors to make an informed decision.

If any of the Course of Actions (b), (c), (d) or (e) is pursued, the relevant member of SAC Aircraft Leasing Member shall copy an employee of the Company as designated by the Company in all future communications with the counterparty of the respective Opportunity. Such employee of the Company shall report any material changes in the terms of the Opportunity in the Monthly Report. If DAIL or the Company considers that it is impracticable for the Independent Directors to consider any material changes of the Opportunity with reference to the Monthly Report, DAIL shall procure such employee of the Company to compile an Ad Hoc Report and serve the Ad Hoc Report to the Independent Directors as soon as possible. If the Independent Directors or DAIL considers that any of the terms of the Opportunity has changed materially at any time, DAIL may amend the DAIL's Recommendation

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and the Independent Directors shall serve a revised notice of their decision to SAC Aircraft Leasing Member.

Our view

We are of the view that the aforesaid terms of the New Cooperation Framework Agreement (i) ensures that all Opportunities are directed to the Independent Directors for their decision on whether or not to pursue the Opportunity and how the Opportunity to be pursued, and SAC Aircraft Leasing Members can only take up the Opportunity or jointly pursuing the Opportunity with the Group upon obtaining the Independent Directors' consent; (ii) allows Independent Directors to have access to necessary information of the Opportunity as well as any subsequent material changes in terms of the Opportunities to make an informed decision; and (iii) allows Independent Directors to have reasonable time to assess the Opportunity.

(II) Right of First Refusal

If any of the SAC Aircraft Leasing Member wishes to dispose of any of its aircraft, or any interest in an Aircraft Company to any Third Party Purchaser, it shall serve the Right of First Refusal Notice, which is irrevocable and sets out the particulars and terms of the Offer, to the Independent Directors and the Company.

DAIL shall within 7 Business Days from the date of Right of First Refusal Notice serve a DAIL's Offer Recommendation to the Independent Directors. Within a period of 30 days from the date of DAIL's Offer Recommendation, the Independent Directors shall consider whether to agree with DAIL's Offer Recommendation with reference to the information on the Offer in the Monthly Report.

The Independent Directors shall at any time be at liberty to request the relevant member of SAC Aircraft Leasing Member or DAIL to provide further information or require DAIL to provide an analysis report on the Offer and a respective recommendation compiled by a third party in order for the Independent Directors to make an informed decision.

If the Offer is accepted by the Independent Directors, the Acceptance Notice will be sent to the relevant SAC Aircraft Leasing Member and both parties should execute a letter of intent for the Offer within 30 days from the date of the Acceptance Notice, subject to the compliance of Listing Rules and applicable laws. The relevant SAC Aircraft Leasing Member and Dynam shall use their best endeavours to complete the Offer as soon as possible.

If the Offer is not accepted by the Independent Directors, the Rejection Notice will be sent to the relevant SAC Aircraft Leasing Member and such SAC Aircraft Leasing Member proceed to complete the sale of its aircraft (or any interest thereof) or interest in Aircraft Company at the price and on terms and conditions no more favourable to the Third Party Purchaser than the terms of the Offer comprised in the Right of First Refusal Notice within 30 days following the receipt of the Rejection Notice.

Our view

We are of the view that the aforesaid terms of the New Cooperation Framework Agreement, (i) ensures that the Company enjoys the first right of refusal when SAC Aircraft Leasing Members proposes to dispose of any of its aircraft, or any interest in an Aircraft Company; (ii) allows Independent Directors to have access to necessary information of the Offer; and (iii) allows Independent Directors to have reasonable time to assess the Offer.

Conditions to the New Cooperation Framework Agreement

The New Cooperation Framework Agreement is conditional on the conditions as set out in the Letter from the Board.

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(III) Major changes in the New Cooperation Framework Agreement as compared to the Old Cooperation Framework Agreement

(a) Changes in the definition of “Opportunity”

Old Cooperation Framework Agreement	New Cooperation Framework Agreement
<p>The opportunities governed under the Old Cooperation Framework Agreement are:</p> <p>(i) Private Deal Opportunity, i.e. an opportunity available to, or an offer made to a single party for acquisition or leasing of (i) aircraft; (ii) interest in an entity which owns aircraft; and (iii) interest in an entity which carries on the Aircraft Leasing Business; and</p> <p>(ii) Joint Bid Opportunity, i.e. a bid to acquire or lease of (i) aircraft; (ii) interest in an entity which owns aircraft; and (iii) interest in an entity which carries on the Aircraft Leasing Business, which is open to more than one party to make a joint bid. Such joint bid does not involve the co-ownership of any aircraft for the formation of joint venture for such bidding.</p>	<p>An Opportunity is defined under the New Cooperation Framework Agreement as an opportunity for:</p> <p>(i) an acquisition of one or more aircraft or any interest thereof;</p> <p>(ii) a finance lease in respect of the leasing of aircraft, including financing arrangements in a sale and leaseback transaction;</p> <p>(iii) an operating lease in respect of leasing of aircraft;</p> <p>(iv) a disposal of one or more aircraft;</p> <p>(v) an acquisition of any interest in an Aircraft Company;</p> <p>(vi) a disposal of any interest in an Aircraft Company;</p> <p>(vii) setting up a joint venture which is an Aircraft Company;</p> <p>(viii) a combination of any of (i) to (vi) above; or</p> <p>(ix) a bid for any of or combination of (i) to (vi).</p>

As set out above, the definition of an “Opportunity” is broadened in the New Cooperation Framework Agreement to include additional types of opportunities for the Aircraft Leasing Business such as for (i) opportunities for disposal of aircraft; (ii) opportunities for disposal of any interest in an Aircraft Company; and (iii) setting up a joint venture which is an Aircraft Company. Such changes allow more flexibility to the Company and enhance the business potential available to the Company which may otherwise be restricted by the Old Cooperation Framework Agreement.

(b) Changes in Courses of Actions

Old Cooperation Framework Agreement	New Cooperation Framework Agreement
<p>When a SAC Aircraft Leasing Member encounters a Private Deal opportunity, it shall refer the Private Deal Opportunity to the Company. The SAC Aircraft Leasing Member can only proceed with the Private Deal Opportunity if the Company rejects the Private Deal Opportunity.</p> <p>When a SAC Aircraft Leasing Member identifies a Joint Bid Opportunity, it shall refer it to the Company, and the Company has the right to decide whether to participate in such bidding and whether to participate in such bidding jointly with the relevant SAC Aircraft Leasing Members.</p>	<p>When an Opportunity arises, whether such is encountered by SAC Aircraft Leasing Member, DAIL or the Company, one of the Courses of Actions may be pursued by DAIL or the Company, namely:</p> <p>(a) accept the Opportunity and pursue or proceed with the Opportunity, whether on its own or jointly with a third party;</p> <p>(b) (in case of acquisition or disposal of an interest in an Aircraft Company) accept the Opportunity and pursue or proceed with the Opportunity together with a SAC Aircraft Leasing Member as two separate entities;</p>

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	<p>(c) accept the Opportunity and set up a Special Purpose Vehicle with a SAC Aircraft Leasing Member and allow the Special Purpose Vehicle to pursue or proceed with the Opportunity;</p> <p>(d) reject the Opportunity and refer the Opportunity to SAC Aircraft Leasing Members or any SAC Aircraft Leasing Member and give SAC Aircraft Leasing Members consent to pursue or proceed with the Opportunity; and</p> <p>(e) reject the Opportunity and disallow SAC Aircraft Leasing Members from pursuing or proceeding with the Opportunity.</p>
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As set out above, the New Cooperation Framework Agreement includes Opportunities that are available to both (i) DAIL or the Company and (ii) SAC Aircraft Leasing Member instead of limiting Opportunities to those encountered by SAC Aircraft Leasing Members (i.e. Private Deal Opportunity and Joint Bid Opportunity) under the Old Cooperation Framework Agreement.

Under the New Cooperation Framework Agreement, the Company is given higher flexibility in courses of actions it can take when an Opportunity is available. According to the Old Cooperation Framework Agreement, the Group was allowed to either participate or reject any Private Deal Opportunity and Joint Bid Opportunity referred by the SAC Aircraft Leasing Members. On the other hand, pursuant to the New Cooperation Framework Agreement, the Group is allowed to accept and participate in Opportunities and pursue the Opportunities either (i) on its own, (ii) jointly with a third party, (iii) jointly with a SAC Aircraft Leasing Member as two separate entities (in case of acquisition or disposal of an interest in an Aircraft Company), or (iv) with a SAC Aircraft Leasing Member through the setup of a Special Purpose Vehicle. Alternatively, the Group is allowed to reject an Opportunity and (i) refer the Opportunity to any SAC Aircraft Leasing Members, (ii) give SAC Aircraft Leasing Members consent to pursue or proceed with the Opportunity, or (iii) disallow SAC Aircraft Leasing Members from pursuing or proceeding with the Opportunity. Such changes give the Group higher degree of control and flexibility in making decisions on Courses of Actions to be taken upon Opportunities.

(c) Changes in procedures in relation to Opportunities

Old Cooperation Framework Agreement	New Cooperation Framework Agreement
<p>Before referring the Private Deal Opportunity to the Independent Directors for their decision, the SAC Aircraft Leasing Member has to enter into a non-disclosure agreement with the third party counterparty and thereafter enter into a letter of intent containing all major terms relating to the Private Deal Opportunity with the third party counterparty.</p> <p>In relation to a Joint Bid Opportunity, the Company, SAC Aircraft Leasing Member and the third party counterparty has to finalise a letter of intent before referring the opportunity to the Independent Directors for their decision.</p>	<p>When the details of an Opportunity have been formulated:</p> <p>(a) if any member of Dynam identified such Opportunity, Dynam shall refer it to the Independent Directors if it wishes to pursue the Opportunity jointly with the SAC Aircraft Leasing Members, or refer the Opportunity to a SAC Aircraft Leasing Member;</p> <p>(b) if a SAC Aircraft Leasing Member identifies such Opportunity, it will first obtain the consent of the Counterparty to disclose the details of the Opportunity to the Company, and thereafter refer the Opportunity to the</p>

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<p>The Company shall serve a notice in writing confirming its decision made by the Independent Directors on whether it will participate in the Private Deal Opportunity or Joint Bid Opportunity no later than three Business Days after its receipt of the notice from the SAC Aircraft Leasing Member.</p>	<p>Independent Directors;</p> <p>(c) if any member of SAC Aircraft Leasing Member and Dynam jointly or both individually identify an Opportunity, it will refer the Opportunity to the Independent Directors.</p> <p>The Independent Directors shall consider the Opportunity based on DAIL's Recommendation and the information on the Opportunity in the Monthly Report or Ad Hoc Report, whichever is applicable.</p> <p>The Independent Directors shall serve a notice of its decision to the relevant parties within 30 days of receipt of the relevant information. The Independent Directors shall at any time be at liberty to request relevant parties to provide further information or analysis report on the Opportunity in order for the Independent Directors to make an informed decision. In the event the Independent Directors require more time to make a decision as a result of the said requested information or report, the notice of its decision shall be served within 30 days after the initial 30- day period.</p>
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As set out above, the reporting and decision making processes for any Opportunities are streamlined. The relevant parties are no longer required to enter into the letter of intent before referring the Opportunity to the Independent Directors under the New Cooperation Framework Agreement. The Independent Directors can make an informed decision based on the DAIL's Recommendation, DAIL's Offer Recommendation, Monthly Report and/or Ad Hoc Report. Such changes enhanced the efficiencies in the execution of Opportunities.

Furthermore, under the New Cooperation Framework Agreement, time allowed for the Independent Directors to decide the Course of Action to be taken in respect of an Opportunity is also extended from three Business Days in the Old Cooperation Framework Agreement to an initial period of 30 days, which can be further extended for another 30 days if required. Such changes allowed more time for the Independent Directors to assess the Opportunities.

(d) Changes in procedures in relation to Right of First Refusal

Old Cooperation Framework Agreement	New Cooperation Framework Agreement
<p>If any SAC Aircraft Leasing Member wishes to dispose of any (a) aircraft; (b) interest in an entity which owns aircraft; and (c) interest in an entity which carries on Aircraft Leasing Business ("Available-for-Sale Asset"), the Company has the right of first refusal of such disposal, and SAC Aircraft Leasing Member shall refer the intended disposal to the Company by sending out a notice to set out (a) particulars of Available-for-Sale Asset, (b) the</p>	<p>If any SAC Aircraft Leasing Member wishes to dispose of any of its aircraft, or any interest in an Aircraft Company to a proposed purchaser, it will serve a notice to the Independent Directors, and the Independent Directors will consider whether to exercise the right of first refusal based on DAIL's Offer Recommendation and the details of such disposal in the Monthly Report or Ad Hoc Report.</p>

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price of Available-for-Sale Asset offered by the Third Party Purchaser; and (c) other material terms.

The Independent Directors will consider whether to agree or decline to acquire such asset based on the notice. The Company shall, within five Business Days after the receipt of the above notice, inform the SAC Aircraft Leasing Member on its decision.

The Independent Directors shall serve a notice of its decision to the relevant parties within 30 days of receipt of the relevant information. The Independent Directors shall at any time be at liberty to request relevant parties to provide further information or analysis report on the Offer in order for the Independent Directors to make an informed decision. In the event the Independent Directors require more time to make a decision as a result of the said requested information or report, the notice of its decision shall be served within 30 days after the initial 30-day period. If the Offer is accepted by the Independent Directors, the relevant members of SAC Aircraft Leasing Member and Dynam shall execute a letter of intent for the Offer, within 30 days from the date of the Acceptance Notice, and use their best endeavours to complete the Offer as soon as possible.

If the Offer is not accepted by the Independent Directors, the SAC Aircraft Leasing Member shall be entitled, within 30 days following the receipt of the decision of the Company, to complete the disposal on terms and conditions no more favorable to those set out in the notice to the Company in regards of the Offer.

As set out above, under the New Cooperation Framework Agreement, time allowed for the Independent Directors to decide whether or not to exercise its Right of First Refusal is extended from five Business Days to an initial period of 30 days, which can be further extended for another 30 days if required. Such changes allowed more time for the Independent Directors to assess whether to purchase the aircraft to be disposed by the SAC Aircraft Leasing Members.

Our view

Having taken into account the above, in particular,

- (i) the definition of Opportunity is broadened to gain more flexibility to the Company and enhance the business potential available to the Company to participate in additional types of opportunities for the Aircraft Leasing Business;
- (ii) the Company shall have the sole discretion to determine whether or not to pursue (solely or jointly with SAC Aircraft Leasing Members), refer or reject the Opportunities, and SAC Aircraft Leasing Members can only pursue the Opportunities with the consent of the Company;
- (iii) the Company also have the sole discretion to determine whether to pursue the Offer upon receiving the Right of First Refusal Notice, and SAC Aircraft Leasing Members can only sell its aircraft or interest in an Aircraft Company to a third party upon receiving the Rejection Notice from the Company;
- (iv) Necessary information is provided to the Independent Directors to assess the Opportunity or the Offer and the Independent Directors may request for additional information, including but not limited to an analysis report compiled by a third party, as needed; and
- (v) the Independent Directors have reasonable time to make necessary assessment of the Opportunity or the Offer,

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we consider that terms of the New Cooperation Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

C. Principal terms of the 2nd Supplemental Deed

The Original Deed and the 1st Supplemental Deed

As disclosed in the prospectus of the Company dated 24 July 2012, on 18 July 2012, the Original Covenantors has entered into the Original Deed pursuant to which each of the Original Covenantors has undertaken that during the term thereof, among other things, it, he or she shall 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 or she is given any opportunities which compete with the Restricted Activity, it, he or she shall inform the Company of such opportunity as soon as possible and provide such information to the Company. Further, it, he or she is not permitted to take up such opportunity whether or not the Company determines to pursue them.

Pursuant to the 1st Supplemental Deed, (i) the SAC Aircraft Leasing Members, namely SAC and SAIL, were included as Additional Covenantors to the Original Deed and they are bound by the Original Deed; and (ii) the scope of exceptions to the Undertakings was expanded to cover 1st Supplemental Deed Exceptions as set out below:

- (i) 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 Old Cooperation Framework Agreement; and
- (ii) 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.

The 2nd Supplemental Deed

As set out in the Letter from the Board, pursuant to the 2nd Supplemental Deed,

- (i) the 1st Supplemental Deed Exceptions were replaced with the following:
 - (a) any acquisition, holding and disposal of any interest by any SAC Aircraft Leasing Members 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 on or before the 1st Supplemental Deed;
 - (b) any activity or business carried on by any member of SAC Aircraft Leasing Member and their respective associates (other than a member of the Group) pursuant to the Old Cooperation Framework Agreement on or before the date of the 2nd Supplemental Deed; and
 - (c) any activity or business to be carried on by any member of SAC Aircraft Leasing Member and their respective associates (other than a member of the Group) pursuant to the New Cooperation Framework Agreement.

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- (ii) the Covenantors and the Company agree and confirm to release and discharge Mr. Kiyotaka Sato from his obligations and undertakings under the Original Deed, and to exclude Mr. Kiyotaka Sato from being a covenantor to the Original Deed.

Conditions to the 2nd Supplemental Deed

This 2nd Supplemental Deed is conditional on the conditions as set out in the Letter from the Board.

Our work done

Based on the information published on the website of the Stock Exchange, we have reviewed a list of non-compete undertakings entered into between controlling shareholders and companies which were recently listed on the Main Board of the Stock Exchange by way of initial public offering from 1 January 2020 up to the Latest Practicable Date (“**Recently Listed Companies**”). We consider the list of Recently Listed Companies to be exhaustive based on the above criteria. The non-compete undertakings provided by the controlling shareholders of these Recently Listed Companies provided references to non-compete undertakings which were recently approved by the regulatory bodies in order for us to consider whether it is uncommon for the other listed issuers to allow their controlling shareholders to engage in the similar businesses subject to certain internal control measures. Details of the Recently Listed Companies are summarized as follows:

Company name	Stock code	Date of listing	Would the non-compete undertakings allow the controlling shareholder to engage in the similar businesses?	Internal control measures on the listed issuer’s decision making process as to whether to pursue or decline the opportunity
Wise Ally International Holdings Limited	9918	10/01/2020	Yes, if the Company decides not to pursue the new business opportunities	Independent non-executive directors’ approval
CTR Holdings Limited	1416	15/01/2020	Yes, if the Company decides not to pursue the new business opportunities	Independent non-executive directors’ approval
Jiumaojiu International Holdings Limited	9922	15/01/2020	No	Not applicable
Activation Group Holdings Limited	9919	16/01/2020	No	Not applicable
Huijing Holdings Company Limited	9968	16/01/2020	Yes, if the Company decides not to pursue the new business opportunities	Independent non-executive directors’ approval
Q P Group Holdings Limited	1412	16/01/2020	Yes, if the Company decides not to pursue the new business opportunities	Independent non-executive directors will review, on an annual basis, the compliance with the deed of non-competition by the controlling shareholders
Shanghai Gench Education Group Limited	1525	16/01/2020	No	Not applicable
JiaChen Holding Group Limited	1937	17/01/2020	Yes, if the Company decides not to pursue the new business opportunities	Independent non-executive directors will review, at least on an annual basis, the compliance with the deed of non-competition by the controlling shareholders
Lvji Technology Holdings Inc.	1745	17/01/2020	No	Not applicable

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Wah Wo Holdings Group Limited	9938	17/01/2020	No	Not applicable
GHW International	9933	21/01/2020	Yes, if the Company decides not to pursue the new business opportunities	Independent non-executive directors will review, on an annual basis, the compliance with the deed of non-competition by the controlling shareholders
Infinity Logistics and Transport Ventures Limited	1442	21/01/2020	Yes, if the Company decides not to pursue the new business opportunities	Independent non-executive directors' approval
Zhongguancun Science-Tech Leasing Co., Ltd	1601	21/01/2020	Yes, if the Company decides not to pursue the new business opportunities	Independent non-executive directors' approval
SEM Holdings Limited	9929	14/02/2020	No	Not applicable
Fu Shek Financial Holdings Limited	2263	19/02/2020	Yes, if the Company decides not to pursue the new business opportunities	Independent non-executive directors' approval
Xingye Wulian Service Group Co. Ltd.	9916	09/03/2020	Yes, if the Company decides not to pursue the new business opportunities	Independent non-executive directors' approval
Wei Yuan Holdings Limited	1343	12/03/2020	Yes, if the Company decides not to pursue the new business opportunities	Independent non-executive directors' approval
Sang Hing Holdings (International) Limited	1472	17/03/2020	No	Not applicable
Kidztech Holdings Limited	6918	18/03/2020	Yes, if the Company decides not to pursue the new business opportunities	Independent non-executive directors' approval
C-Link Squared Limited	1463	27/03/2020	No	Not applicable
Rimbaco Group Global Limited	1953	28/04/2020	No	Not applicable
Ritamix Global Limited	1936	13/05/2020	Yes, if the Company decides not to pursue the new business opportunities	Independent non-executive directors' approval

From the table above, we note that it is common for non-compete undertakings between the listed issuer and its controlling shareholder to allow the controlling shareholder to engage in similar businesses provided that (i) the listed issuer has the first right to decide whether or not to pursue or decline the opportunity; and (ii) appropriate internal control measures are in place for any decision made by the listed issuer. We are also satisfied that the decision making mechanism by the Independent Directors as stated in the New Cooperation Framework Agreement is comparable to the decision making mechanism in the non-compete undertakings of the Recently Listed Companies, which provides appropriate protection to the Company and is fair and reasonable.

Our view

Based on the above, in particular (i) the 2nd Supplemental Deed was entered in order to incorporate the New Cooperation Framework Agreement and (ii) it is not uncommon for non-compete undertakings between the listed issuer and its controlling shareholder to allow the controlling shareholder to engage in similar businesses, we are of the view that the 2nd Supplemental Deed are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having considered the aforesaid principal factors and reasons referred to above, we are of the opinion that although the entering into of the 2nd Supplemental Deed is not in the ordinary and usual course of business of the Group, the terms of the 2nd Supplemental Deed are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

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Furthermore, we are of the opinion that the entering into of the New Cooperation Framework Agreement is in the ordinary and usual course of business of the Group and the terms thereof are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the AGM to approve the 2nd Supplemental Deed and New Cooperation Framework Agreement.

Yours faithfully,
For and on behalf of
Ballas Capital Limited

Alex Lau
Managing Director

Cathy Leung
Director

Note: Mr. Alex Lau of Ballas Capital Limited has been a responsible officer of Type 6 (advising on corporate finance) regulated activities since 2003, and Ms. Cathy Leung of Ballas Capital Limited has been a responsible officer of Type 6 (advising on corporate finance) regulated activities since 2019. Mr. Alex Lau and Ms. Cathy Leung of Ballas Capital Limited have participated in and completed various advisory transactions involving connected transactions.

1. Responsibility Statement

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. Disclosure of Directors' and Chief Executive's Interests

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) where required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company referred to therein ("**Register of Directors and Chief Executive**"); or (c) where required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("**Model Code**") were disclosed as follows:

(1) Interests in the Company

Name	Nature of Interest/Capacity	Number of Shares ⁽¹⁾	Approximate Percentage ⁽²⁾
Mr. Yoji SATO	Interest of controlled corporations ⁽³⁾	273,632,560	<u>58.070%</u>
	Interest of spouse ⁽³⁾	760	
	Other ⁽⁴⁾	<u>171,171,800</u>	
		<u>444,805,120</u>	
Mr. Kohei SATO	Beneficial Owner ⁽⁵⁾	53,639,680	<u>58.070%</u>
	Interest of spouse ⁽⁵⁾	1,500,000	
	Other ⁽⁴⁾	<u>389,665,440</u>	
		<u>444,805,120</u>	
Mr. Tatsuji FUJIMOTO	Beneficial Owner	209,300	0.027%
Mr. Ichiro TAKANO	Beneficial Owner	20,000	0.003%
Mr. Noriaki USHIJIMA	Beneficial Owner	414,000	0.054%
Mr. Makoto SAKAMOTO	Beneficial Owner	22,000	0.003%

Notes:

(1) All interests stated are long positions.

(2) There were 765,985,896 shares in issue as at the end of the Latest Practicable Date

(3) Out of the total 273,632,560 Shares, SAC, which is wholly owned and controlled by Mr. Yoji SATO, is beneficially interested in 177,822,560 shares. Rich-O is beneficially interested in remaining 95,810,000 shares and is owned as to 79.45% by SAC, 4.82% by Mr. Yoji SATO and 15.73% by Eurasia Foundation (from Asia) Limited which is also wholly owned by Mr. Yoji SATO. Therefore, each of SAC and Rich-O is directly or indirectly controlled by Mr. Yoji SATO and the interests in the Company held by SAC and Rich-O are deemed to be Mr. Yoji SATO's interests under the SFO. Mrs. Keiko SATO, his wife, is beneficially interested in 760 shares, and such interests are deemed to be Mr. Yoji SATO's interests under the SFO.

- (4) Each of Mrs. Keiko SATO (wife of Mr. Yoji SATO), Mrs. Yaeko NISHIWAKI (sister of Mr. Yoji SATO), 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) (collectively, the “**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, 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.
- (5) Mr. Kohei SATO, one of the Sato Family Members, has been reappointed as an executive Director on 20 June 2019 to serve concurrently as chief executive of the Company. He resigned as chief executive officer, president and executive officer of the Company and was re-designated to a non-executive director with effect from 27 April 2020. He is beneficially interested in 53,639,680 shares. Mrs. Shizuka SATO, his wife, is beneficially interested in 1,500,000 shares, and such interests are deemed to be Mr. Kohei SATO’s interests under the SFO.

(2) Associated Corporations

None of the Directors and chief executive of the Company and their respective close associates was interested or was deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations, which were required to be notified to the Company and the Stock Exchange, recorded in the Register of Directors and Chief Executive, notified under the Securities Code, or otherwise known to the Directors.

As at the Latest Practicable Date, there was no Director or proposed Director who is a director or employee of a company which has an interest or short position in the Shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. Directors’ Service Contract

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or be determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

4. Competing Interests

On 29 April 2020, the Covenantors entered into the 2nd Supplemental Deed in favour of the Company, pursuant to which, SAC (together with the SAC Aircraft Leasing Member) is allowed to carry 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 New Cooperation Framework Agreement. Mr. Yoji SATO (a non-executive Director) is a director and majority shareholder of SAC. Mr. Kohei SATO (Director), is a member of the Sato Family Members. Both of them are regarded as having material interests in the New Cooperation Framework Agreement.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in a business, which competes or may compete with the businesses of the Group (which would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them were treated as a controlling Shareholder of the Company).

5. Interests in Assets and Contracts

On 29 April 2020, the Covenantors entered into the 2nd Supplemental Deed in favour of the Company. Mr. Yoji SATO (a non-executive Director) is a director of SAC. Mr. Kohei SATO (a non-executive Director), is a member of the Sato Family Members. Mr. Yoji SATO and Mr. Kohei SATO are

both Covenantors of the 2nd Supplemental Deed and are regarded as having material interests in the 2nd Supplemental Deed and therefore they have abstained from voting on relevant resolution at the meeting of the Board convened for the purpose of approving the 2nd Supplemental Deed.

On 29 April 2020, the Company and the SAC Aircraft Leasing Members entered into the New Cooperation Framework Agreement. Mr. Yoji SATO (a non-executive Director) is a director and majority shareholder of SAC. Mr. Kohei SATO (a non-executive Director), is a member of the Sato Family Members. Both of them are regarded as having material interests in the New Cooperation Framework Agreement and therefore have abstained from voting on relevant resolution at the meeting of the Board convened for the purpose of approving the New Cooperation Framework Agreement. Save as disclosed above, none of the Directors has a material interest in the New Cooperation Framework Agreement.

Save as disclosed above, as at the Latest Practicable Date,

- (a) none of the Directors had any interest, direct or indirect, in any assets which had, since 31 March 2020 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by, or leased to, the Company or any member of the Group, or were proposed to be acquired or disposed of by, or leased to, the Company or any member of the Group; and
- (b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at such date and which was significant in relation to the businesses of the Group.

6. Material Adverse Change

As at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 March 2020, being the date to which the latest published audited financial statements of the Company were made up.

7. Experts' Qualification and Consents

The following is the qualifications of the expert who has been named in this circular and whose advices or opinions are contained in this circular:

Name	Qualification
Ballas Capital Limited	a corporation licensed to carry out Types 1 and 6 regulated activities as defined under the SFO

As at the Latest Practicable Date, the above expert does not have:

- (a) any shareholding, direct or indirect, in any member of the Group or any right or option, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (b) any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up.

The above expert has given and have not withdrawn their written consents to the issue of this circular with the inclusion therein of their letters, reports or opinion and reference to their names in the form and context in which they respectively appear.

8. General

- (a) The address of the registered office of the Company is 2-25-1-702 Nishi-Nippori, Arakawa-ku, Tokyo, 116-0013, Japan. The principal place of business of the Company in Hong Kong is Unit 1, 32/F, Hong Kong Plaza, 188 Connaught Road West, Hong Kong.
- (b) The company secretary of the Company is Ms. CHU Wai Ha, a director and Head of Accounting, Tax & Trade Services of TMF Hong Kong Limited, as one of its joint company secretaries. The other joint company secretary is Mr. Norio HARASAWA appointed by the Company on 26 June 2014. Mr. Harasawa graduated from The University of Keio in March 1989 with a bachelor's degree in law. He is a member of The Japanese Institute of Certified Public Accountants.
- (c) The share registrar of the Company is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) In case of inconsistency, the English text of this circular shall prevail over the Japanese text.

9. Documents available for Inspection

Copies of the following documents will be available for inspection during the following business hours (i.e. from 9:30 a.m. to 12:30 p.m. and from 2:30 p.m. to 5:30 p.m.) on any weekday (Saturdays and public holidays excepted), unless (i) a tropical cyclone warning signal number 8 or above is hoisted; or (ii) a black rainstorm warning signal is issued, at Unit 1, 32/F, Hong Kong Plaza, 188 Connaught Road West, Hong Kong for 14 days from the date of this circular:

- (a) the 2nd Supplemental Deed;
- (b) the New Cooperation Framework Agreement; and
- (c) this circular.