

DYNAM JAPAN ANNOUNCES FY2017/18 ANNUAL RESULTS

(Hong Kong, 24 May 2018) – **DYNAM JAPAN HOLDINGS Co., Ltd.** (“DYNAM JAPAN”, together with its subsidiaries, “the Group”, stock code: 6889), the leading pachinko hall operator in Japan, has announced its annual results for the year ended 31 March 2018 (“review year”).

During the review year, the Group recorded gross pay-ins¹ of ¥775,060 million (HK\$57,242.2 million*) and revenue² of ¥152,092 million (HK\$11,232.7 million*), representing a year-on-year decrease of 3.0%. However, the profit before income taxation was ¥16,804 million (HK\$ 1,241.0 million*) and the net profit after taxation was ¥10,925 million (HK\$806.8 million*), representing an increase of 17.4% year-on-year. The net profit of the Group increased compared with the previous year in spite of the decrease of operating revenue, mainly due to the effective implementation of cost control measures such as reduction of machine expense. The Board of Directors proposed to declare a final dividend of ¥6 per ordinary share.

As at 31 March 2018, the Group operated the largest pachinko hall network across Japan with a total of 450 halls (As at 31 March 2017: 446 halls). To adapt to the changing market environment over time, the Group opened six low playing cost halls, closed two halls and changed one high playing cost hall into a low playing cost hall during the reporting period. At the same time, the Group has focused more on deploying low playing cost machines to increase customer traffic. As at March 2018, the Group’s installation ratio of low playing cost machines was 66.9%.

The control on the volatility of the machines backed by the establishment of IR promotion law³ in December 2016, as well as the declining numbers of customers at high playing cost halls have presented severe challenges to the overall operating environment of the pachinko industry. In view of these challenges, the Group has adopted a number of effective measures. Notably, the Group has introduced two new gaming machines under the brand series “GORAKU” in January 2018, fully demonstrating its determination to take initiatives to meet customers’ needs through product development. In addition the Group has made efforts to improve pachinko operation by renewing the halls. Furthermore, the Group is initiating to design and construct a new gaming hall based on the feedback of customers. It is also launching various customers-oriented promotions, as well as implementing a number of other measures to improve its operations.

Mr Kohei SATO, Chairman and CEO of DYNAM JAPAN, said, “Guided by the Group’s long term vision, we have strived to reinvent pachinko into a genuinely popular entertainment comfortably enjoyed by everyone in their daily lives. To realise this objective, we have reviewed the performance of our gaming halls and tailor them to address the needs of the general public, like focusing more on low playing cost machines, refurbishing halls to suit customers’ tastes and preferences, and implementing

¹ Gross pay-ins represents the amount received from pachinko balls and pachislot tokens rented to customers less unutilised balls and tokens.

² Revenue represents the gross pay-ins, less gross payouts to customers and revenue margin represents revenue divided by gross pay-ins.

* Translated into Hong Kong dollars at the rate of ¥13.54 to HK\$1.00, the exchange rate prevailing on 31 March 2018 (i.e., the last business day in March 2018).

Note: The above percentage increases and decreases refer to the changes in respect of the Japanese yen.

³ The law related to maintenance promotion of the specific tourist compound facility area

various sales policies on a trial basis. Looking ahead, given the revised gaming machine rules promulgated in February 2018 to further regulate control and lower volatility of gaming machines, we will maintain our strategy to proactively promote low playing cost games across multiple halls in order to expand our market share and maximise returns to our shareholders.”

For details, please refer to the below announcement link:

[Link to be inserted]

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About DYNAM JAPAN HOLDINGS Co., Ltd. (stock code: 6889)

Established in 1967, DYNAM JAPAN HOLDINGS Co., Ltd. ("DYNAM") is the largest pachinko halls operator in Japan in terms of number of halls. DYNAM operates three types of halls, namely "Traditional", "Yuttari Kan" and "Shinrai no Mori", which offer various combinations of pachinko and pachislot games with different playing costs. DYNAM is also planning to develop an integrated resort at Yamaguchi Prefecture. DYNAM benefits from its nationwide network through greater economies of scale and a more expansive geographic reach. DYNAM is a constituent of the Hang Seng Foreign Companies Composite Index.

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