

DYNAM JAPAN ANNOUNCES FY2017/18 INTERIM RESULTS

(Hong Kong, 21 November 2017) – **DYNAM JAPAN HOLDINGS Co., Ltd.** (“DYNAM JAPAN”, together with its subsidiaries, “the Group,” stock code: 6889), the leading pachinko hall operator in Japan, today announced its interim results for the six months ended 30 September 2017 (“review period”).

During the review period, the Group recorded gross pay-ins¹ of ¥397,127 million (HK\$27,521 million*) and revenue² of ¥77,211 million (HK\$5,351million*). Profit before taxation increased by 26.7% to ¥8,406 million (HK\$583 million*). Thanks to reduced sales promotion cost and hall facility repair expenses, net profit after taxation surged by 42.3% to ¥5,434 million (HK\$377 million*). The decrease in gross pay-ins and revenue were mainly from the decrease in number of high volatility machines. The Board of Directors has proposed to declare an interim dividend of ¥6 per ordinary share.

As at 30 September 2017, the Group operated the largest pachinko hall network in Japan with a total of 450 – 180 high playing cost and 270 low playing cost – halls across the country. To prepare for changes in the operating environment after the amended game machine regulations take effect in February 2018, the Group has taken multiple measures to boost its competitiveness, including investing in machines, mounting promotion to differentiate itself from other hall operators and improving its capability in operational analysis. Furthermore, the Group has been using second-hand game machines to keep cost low for its operations and has set up its own distribution centres and adopted ICT systems to streamline hall operations and reduce personnel expenses. The Group targets to complete lowering of management cost before February 2018.

Mr Kohei SATO, Chairman and CEO of DYNAM JAPAN, said, “Although the control on volatility of pachinko and pachislot machines is expected to have negative impact on the profitability of the entire industry, we believe the amended game machine regulations will send the industry onto a healthy development path and operators can expect to see patronage grow gradually. We will continue to invest in our business that we may fortify our market leadership and enhance earnings. We will also actively promote low playing cost games in multiple halls, which is a key part of our growth strategy to help us maintain market share and generate favourable returns to shareholders.”

For details, please refer to the below announcement link:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/1121/LTN20171121371.pdf>

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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 ¥14.43 to HK\$1.00, the exchange rate prevailing on 30 September 2017 (i.e., the last business day in September 2017).

Note: The above percentages of increase and decrease refer to the changes in respect of the Japanese yen.

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 mixes 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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