

Dynam Japan Holdings Co., Ltd.
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26 August 2015

Announcement concerning the Execution of Basic Agreement regarding Share Exchange between Dynam Japan Holdings Co., Ltd. and Yume Corporation Co., Ltd.

The board of directors of Dynam Japan Holdings Co., Ltd. (the “**Company**”) (principal office: 2-25-1-702 Nishi-Nippori, Arakawa-ku, Tokyo, Japan; representative: Kohei Sato, chairman of the board, president and chief executive officer) hereby announces that it has resolved to enter into a share exchange transaction (the “**Share Exchange**”) by executing the basic share exchange agreement (the “**Basic Share Exchange Agreement**”) with Yume Corporation Co., Ltd. (“**Yume Corporation**”) at the meeting of the board of directors held on 25 August 2015, pursuant to which the Company will be the parent company wholly-owning Yume Corporation, and Yume Corporation will be a wholly-owned subsidiary of the Company, and that the Company and Yume Corporation executed the Basic Share Exchange Agreement at 6 p.m. on the same date. The Company and Yume Corporation will enter into the Share Exchange Agreement on 24 September in which 1 November 2015 is specified as effective date.

Particulars:

1. Purpose of the Share Exchange

The Company and its subsidiaries (the “**Group**”) principally engage in the business of pachinko hall operation. The Group is the biggest pachinko hall operator in Japan in that it has the largest number of pachinko halls^{*1} and generates the second largest gross pay-ins^{*1}. As of the date of this announcement, the Group has 399^{*1} pachinko halls nationwide in total, of which 390^{*1} halls are operated by Dynam Co., Ltd., and 9^{*1} halls are operated by Cabin Plaza Co., Ltd., each a subsidiary of the Company and incorporated in Japan. The Group started adopting the chain-store operation before the rest of the industry based upon the philosophy of providing goods and services from the standpoint of consumers, and operates pachinko halls with emphasis of pachinko as a form of popular entertainment to the customers so that they can enjoy playing pachinko more safely and casually.

Yume Corporation operates 39^{*1} pachinko halls in Japan under “*Yumeya*” brand, etc, and is one of the largest pachinko hall operators among 3,702 pachinko hall operators^{*2} in Japan. It ranks in the top 20^{*1} in terms of number of pachinko halls and ranks in the top 50^{*1} in terms of gross pay-ins^{*1}. Yume Corporation operates pachinko halls with the aim of establishing pachinko halls loved by the local community. They strongly believe that with more chain stores, they can reach out to more customers and provide them with more satisfactory service.

Under these circumstances, the Company and Yume Corporation, both committed to chain store operation, have executed the Basic Share Exchange Agreement based upon the same conclusion that

their values will further improve if they expand the market share and maximize the use of their resources through, among others, sharing the infrastructure such as hall operation, playing machine management and information system.

The Group will have 438 halls nationwide after the scheduled Share Exchange completes and the Group will provide customers with more satisfactory services by furthering the chain-store operation more than ever taking advantage of economies of scale.

*¹ The number of halls is as of 26 August 2015. The ranking in the industry is according to the "Pachinko Industry Yearbook" published by SOGO UNICOM Co., Ltd.

*² The number of pachinko hall operators is according to the survey by Yano Research Institute Ltd. as of the end of December 2014.

2. Summary of the Share Exchange

(1) Method of Share Exchange

In the Share Exchange, the Company will be a wholly-owning parent company, and Yume Corporation will be a wholly-owned subsidiary. Pursuant to the Basic Share Exchange Agreement dated August 25 2015, the Share Exchange will be executed through a simplified share exchange procedure (*kan'i kabushiki-koukan*) under the provision of Article 796, paragraph 2 of the Companies Act of Japan. The Company is not required to obtain approval of the shareholders of the Company, but Yume Corporation will need to obtain the approval of its shareholders at an extraordinary shareholders' meeting scheduled to be held by the end of October 2015. Effective on 1 November 2015, the Company will acquire all the issued shares of Yume Corporation held by its shareholders and in exchange allot and issue the Company's shares to such shareholders of Yume Corporation.

(2) Details of Allotment of Shares in the Share Exchange

Company name	The Company (To be 100% parent company after Share Exchange)	Yume Corporation (To be wholly-owned subsidiary after Share Exchange)
Share exchange ratio (tentative)	1	3.466
Number of shares to be delivered in the Share Exchange (tentative)	The Company's ordinary shares: 38,805,336 (tentative)	

The Company plans to deliver 3.466 ordinary shares of the Company to Yume Corporation's shareholders for each share of Yume Corporation. The shares of the Company to be delivered will be newly issued by the Company.

(3) Details of Basis of Calculation of Allotment of Shares in the Share Exchange

① Basis of Calculation and Background to Calculation

The Company appointed CPA Partners Co., Ltd. ("**CPA Partners**") as the third-party valuation institution to calculate the share exchange ratio to be used in the Share

Exchange in order to ensure the fairness of the share exchange ratio in the Share Exchange.

In performing its analysis with respect to the share exchange ratio, CPA Partners adopted the market price analysis for the valuation of shares of the Company, and the comparable company analysis for the valuation of the shares of Yume Corporation. Considering the results of these valuations, CPA Partners produced and submitted the share exchange ratio to the Company.

The Company carefully deliberated and used the calculation results of the share exchange ratio submitted by CPA Partners as a reference and negotiated and consulted with Yume Corporation. As a result, the Company and Yume Corporation concluded that the share exchange ratio set out in 2.(2) "Details of allotment of shares in the share exchange" above was appropriate and in the interests of the shareholders of both companies.

② Relationship with Valuation Institution

CPA Partners as the valuation institution is independent from the Company and Yume Corporation, do not fall under the connected or related persons of the Company or Yume Corporation, and do not have any special interest which should be indicated in regard to the Share Exchange.

(4) Schedule for the Share Exchange

Date on which the meeting of the board of directors to approve the Basic Share Exchange Agreement	25 August 2015
Date of execution of the Basic Share Exchange Agreement	6 p.m., 25 August 2015 (after trading hours of the Stock Exchange of Hong Kong)
Date on which the meeting of the board of directors to approve the Share Exchange Agreement is held	24 September 2015 (tentative)
Date of execution of the Share Exchange Agreement	By the end of October 31 2015 [24 September 2015 (tentative)]
Scheduled date of the Share Exchange (Effective date of the Share Exchange)	1 November 2015 (tentative)

The above-described schedule is subject to change upon consultation and agreement between the Company and Yume Corporation when the change is necessary in the course of the implementation of the Share Exchange.

3. Outline of the Company and Yume Corporation

Name	夢コーポレーション株式会社(Yume Corporation Co., Ltd.*)
Incorporation Date	14 December 1970
Address of headquarters	1-135 Ekimae-Odori, Toyohashi-shi, Aichi-ken, Japan
Name of Representative	Hidenori Kato, Representative Director
Amount of Capital	JPY 50 million
Website	http://www.yume-corp.co.jp/
Description of Business	Yume Corporation Co., Ltd. operates 39 halls nationwide under “Yumeya” brand, etc.

Name	株式会社ダイナムジャパンホールディングス (DYNAM JAPAN HOLDINGS Co., Ltd.*)
Incorporation Date	20 September 2011
Address of headquarters	2-25-1-702 Nishi-nippori, Arakawa-ku, Tokyo, Japan
Name of Representative	Kohei Sato, Chairman of the Board and Chief Executive Officer
Amount of Capital	JPY15 billion
Website	http://www.dyjh.co.jp/
Description of Business	<p>DYNAM JAPAN HOLDINGS Co., Ltd. is an investment holding company that holds shares of 6 subsidiaries consisting of 株式会社ダイナム(DYNAM Co., Ltd.*) which operates 390 pachinko halls, 株式会社キャビンプラザ(Cabin Plaza Co., Ltd.*) which operates 9 pachinko halls, 株式会社ダイナムビジネスサポート(DYNAM Business Support Co., Ltd.*) which provides services to support pachinko hall operation, 株式会社日本ヒューマップ(HUMAP Japan Co., Ltd.*) which provides food and beverage services and cleaning services, 株式会社ビジネスパートナーズ(Business Partners Co., Ltd.*) which has the purpose to promote employment of handicapped persons and Dynam Hong Kong Co., Ltd which invests in overseas businesses, manages companies abroad and their development.</p> <p>The shares of Dynam Japan Holdings Co., Ltd. have been listed on the main board of the Stock Exchange of Hong Kong since August 2012 (stock code:06889)</p>

* For identification purposes only.

For inquiries on this matter, please contact

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