

DYNAM JAPAN HOLDINGS Co., Ltd.
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25 September 2015

**Announcement concerning the Conclusion of Share Exchange Agreement between
DYNAM JAPAN HOLDINGS Co.,Ltd. and Yume Corporation Co., Ltd.**

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 concluded the Share Exchange Agreement (the “**Share Exchange**”) with Yume Corporation Co., Ltd. (“**Yume Corporation**”) after trading hours of the Stock Exchange of Hong Kong on 24 September 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. 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 on the part of the Company and 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. The Share Exchange will take effect on 1 November 2015.

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 402^{*1} pachinko halls nationwide in total, of which 393^{*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. It strongly believes that with more chain stores, it 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 made the Share Exchange Agreement based upon the same conclusion that our (both

the Company and Yume Corporation) values will further improve if we expand the market share and maximize the use of our resources through, among others, sharing the infrastructure such as hall operation, playing machine management and information system.

The Group will have 441 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 24 September 2015. The ranking in the industry is according to the "Pachinko Industry Yearbook 2015" 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 Share Exchange Agreement dated 24 September 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	1	3.466
Number of shares to be delivered in the Share Exchange	The Company's ordinary shares: 38,805,336	

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, does not fall under the connected or related persons of the Company or Yume Corporation, and does not have any special interest which should be indicated in regard to the Share Exchange.

(4) Schedule for the Share Exchange

Scheduled date of the Share Exchange: 01 November 2015

The scheduled date mentioned above 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 Yume Corporation

(1) General

The figures of the net assets and total assets of Yume Corporation as of 31 March 2015 are prepared in accordance with the Japanese Generally Accepted Accounting Principles (the "JGAAP"). Please refer to remark below in relation to the adjustments made to the net assets and total assets of Yume Corporation according to IFRS.

Yume Corporation is the holding company of two wholly-owned subsidiaries, namely Japan Real Estate Co., Ltd., and Pattes Co., Ltd., each of which was incorporated in Japan and engages in real estate management business.

Company 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 Head Office	1-135 Ekimae-Odori, Toyohashi-shi, Aichi-ken, Japan
Name of Representative	Hidenori Kato, Representative Director
Amount of Capital	JPY 50 million as of 31 March 2015
Net Assets	JPY4,866 million as of 31 March 2015 (Unconsolidated)

	JPY5,966 million as of 31 March 2015 (Consolidated)
Total Assets	JPY16,469 million as of 31 March 2015 (Unconsolidated) JPY20,765 million as of 31 March 2015 (Consolidated)
Website	http://www.yume-corp.co.jp/
Description of Business	Yume Corporation Co., Ltd. operates 39 halls nationwide under "Yumeya" brand, etc.

(2) Financial Information

Set out below is a summary of the key financial data of Yume Corporation based on the audited unconsolidated financial statements prepared in accordance with JGAAP:

(Unit: JPYmillion/HK\$million)

Unconsolidated	For the year ended 31 March 2013	For the year ended 31 March 2014	For the year ended 31 March 2015
Revenue	66,738/4,302	64,382/4,151	64,171/4,137
Operating profit	2,067/133	1,194/77	158/10
Ordinary Income	2,103/135	1,518/97	201/12
Net profit before tax	1,060/68	808/52	300/19
Net profit after tax	518/33	308/20	345/22

Set out below is a summary of the key financial data of Yume Corporation based on the unaudited consolidated financial statements prepared in accordance with JGAAP:

(Unit: JPYmillion/HK\$million)

Unconsolidated	For the year ended 31 March 2013	For the year ended 31 March 2014	For the year ended 31 March 2015
Revenue	81,866/5,278	76,481/4,931	75,562/4,871
Operating profit	2,323/149	1,558/100	818/52
Ordinary Income	1,862/120	1,539/99	704/45
Net profit before tax	1,329/85	1,361/87	766/49
Net profit after tax	703/45	866/55	797/51

The unaudited consolidated net assets value and the total assets value of Yume Corporation as at 31 March 2015 amount to approximately JPY 5,966 million (equivalent to approximately HK\$384 million) and approximately JPY 20,765 million (equivalent to approximately HK\$1,338 million) respectively.

Upon the completion of the Share Exchange, Yume Corporation will become a subsidiary of the Company and the financial results of the Yume Corporation group will be consolidated in the consolidated financial statements of the Company's group.

Certain adjustments would need to be made to present the consolidated financial information in accordance with IFRS. In particular:

- (i) the revenue for the year ended 31 March 2015 under IFRS would have been approximately JPY 15,277 million, reflecting adjustments for netting of gross pay-ins and gross payouts,
- (ii) the total assets as at 31 March 2015 under IFRS would have been approximately JPY 21,638 million, primarily reflecting upward adjustments for changes in depreciation method, reversal of

- amortization of goodwill, and deferral of insurance fee, which is charged to expense under JGAAP, as well as downward adjustments for changes in useful life for pachinko and pachislot machines,
- (iii) the net assets as at 31 March 2015 under IFRS would have been approximately JPY 6,979 million, impacted by the same adjustments noted in the item (ii) above,
 - (iv) the net profit before tax for the year ended 31 March 2015 under IFRS would have been approximately JPY 516 million, impacted by the same adjustments noted in the item (i) above; and
 - (v) the net profit after tax for the year ended 31 March 2015 under IFRS would have been approximately JPY 470 million, impacted by the same adjustments noted in the item (i) above.

Certain amounts denominated in Japanese yen herein are translated into Hong Kong dollars at the rate of ¥15.51 to HK\$1.00 which was the exchange rate prevailing on 24 September 2015.

■ For details, please refer to the below announcement

<http://www.dyjh.co.jp/english/ir/stock/information.html>

■ DYNAM JAPAN HOLDINGS Co., Ltd.

The Company is a holding company that has six subsidiaries in total consisting of two pachinko hall operators including DYNAM Co., Ltd. operating nationwide, and their four affiliated companies. 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).

For inquiries on this matter, please contact

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