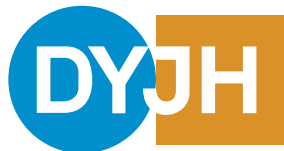


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DYNAM JAPAN HOLDINGS Co., Ltd.

(incorporated in Japan with limited liability)

(Stock Code: 06889)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE ACQUISITION OF ONE AIRCRAFT**

THE AIRCRAFT SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 8 August 2019, Dynam Aviation entered into the Aircraft Sale and Purchase Agreement with Vermillion, pursuant to which Vermillion has agreed to sell and the Company has agreed to purchase the Aircraft. At completion of the Transaction, Vermillion and Dynam Aviation will concurrently enter into the Novation Agreement, whereby Vermillion has agreed to novate its rights and obligations under the Aircraft Lease Agreement from the date of the Novation Agreement to Dynam Aviation and Dynam Aviation (as the new lessor) has agreed to assume all of the rights and obligations of Vermillion in and under the Aircraft Lease Agreement from the date of the Novation Agreement.

IMPLICATION OF THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Aircraft Sale and Purchase Agreement is above 5% but all are below 25%, the Transaction constitutes a discloseable transaction of the Company and is therefore subject to announcement requirement under Chapter 14 of the Listing Rules.

THE AIRCRAFT SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 8 August 2019, Dynam Aviation entered into the Aircraft Sale and Purchase Agreement with Vermillion, pursuant to which Vermillion has agreed to sell and the Company has agreed to purchase the Aircraft from Vermillion. At completion of the Transaction, Vermillion and Dynam Aviation will concurrently enter into the Novation Agreement, whereby Vermillion has agreed to novate its rights and obligations under the Aircraft Lease Agreement from the date of the Novation Agreement to Dynam Aviation and Dynam Aviation (as the new lessor) has agreed to assume all of the rights and obligations of Vermillion in and under the Aircraft Lease Agreement from the date of the Novation Agreement.

Date: 8 August 2019

Parties

- (1) Dynam Aviation, an indirect wholly-owned subsidiary of the Company, as purchaser; and
- (2) Vermillion, as vendor.

Aircraft to be acquired: the Aircraft

The Company is subject to a confidentiality obligation under which no disclosure with respect to the terms of the Aircraft Sale and Purchase Agreement shall be made to any third party, save with the written consent of Vermillion. For the Company's compliance with its disclosure obligations normally required under Chapter 14 of the Listing Rules, the Company has obtained prior written consent from Vermillion to disclose the terms of the Aircraft Sale and Purchase Agreement, except for the Consideration for the Transaction and the net profit attributable to the Aircraft for the two financial years immediately preceding the Transaction.

The Company believes that if the Company was required to disclose the Consideration, sellers in the aircraft industry including Vermillion, would not have entered into the Aircraft Sale and Purchase Agreement with the Company, and it is also likely that the Company would not be able to enter into similar future transactions with sellers in the aircraft industry including Vermillion. Any such disclosure would therefore not be in the interests of the Company and the Shareholders as a whole.

In addition, it is not possible for the Company to determine the net profit attributable to the existing leases attached to the Aircraft prior to the Transaction as that would be dependent on the cost structure of Vermillion and the net book value of the Aircraft in Vermillion's accounts. Such information is commercially sensitive and the Company does not have access to such information.

The Company has therefore applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 14.58(4) and Rule 14.58(7) of the Listing Rules in respect of disclosure of the Consideration for the Transaction and net profits attributable to the Aircraft for the two financial years immediately preceding the Transaction.

As alternative disclosures, the Company will disclose the appraised value (the “**Market Appraised Value**”) and the estimated profit before tax (“**Estimated Profit**”) for the Aircraft.

The Market Appraised Value of the Aircraft (obtained from an independent appraiser) is approximately US\$48.94 million (equivalent to approximately HK\$381.73 million). The Board considers that the Market Appraised Value is comparable to the Consideration.

In the circular of the Company dated 28 November 2018 regarding “Connected Transaction: Proposed Amendments to the Original Deed of Non-Competition; and Major and Continuing Connected Transaction: Cooperation Framework Agreement” it was stated “Upon comparison the cost of raising capital and the estimated yield of the investment in aircrafts, the Company believes that the return on equity from the investment in the Aircraft Leasing Business will be in the range from 5.0% to 10.0%, depending on the model and condition of aircrafts to be leased”.

The Estimated Profit is calculated based on lease receivables minus expenses, including depreciation, interest expenses, and other transaction cost, but excluding deduction of selling, general and administrative expenses per year for the Aircraft would be around US\$1 million. On the assumption that seventy percent of the investment would be financially leveraged, the Estimated Profit would represent a 6.6% per annum return on equity from the investment. As such, the expected return on equity from the investment for the Aircraft is in line with the Company’s expectation.

The Board considers that the Consideration was determined on an arm’s length basis, taking into account the Market Appraised Value, and the terms and conditions of the Transaction as a whole and with reference to market conditions.

Conditions Precedents

Completion of the Transaction is conditional upon fulfilment or waiver by the relevant parties of certain conditions, including but not limited to, the provision of relevant documentation in form and substance satisfactory to the parties, due execution of a lease novation and amendment deed and/or ancillary agreements by the parties.

Payment and delivery terms

The Consideration for the Aircraft will be paid before completion of the Transaction, which is estimated to occur on or before 30 September 2019.

At completion of the Transaction, Vermillion and Dynam Aviation will concurrently enter into the Novation Agreement, whereby Vermillion has agreed to novate its rights and obligations under the Aircraft Lease Agreement to Dynam Aviation and Dynam Aviation (as the new lessor) has agreed to assume all rights and obligations of Vermillion in and under the Aircraft Lease Agreement from the date of the Novation Agreement.

Source of funding

The Consideration was funded through cash on hand, the proceeds of loans by the Group and cash generated from the Company's business operations.

REASONS FOR ENTERING INTO THE TRANSACTION

Reference is made to the Company's announcement dated 26 September 2018 and circular dated 28 November 2018 regarding the cooperation framework agreement entered into between the Company and Sato Aviation Capital Limited, the controlling shareholder of the Company, pursuant to which the parties thereto have conditionally agreed to cooperate with each other in respect of the aircraft business, i.e. (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.

As disclosed in the Company's annual report for the financial year ended 31 March 2019 ("**FY2019**"), the pachinko hall industry continued to experience a harsh operating environment as a result of the decreasing number of customers in high playing cost halls, while the revenue generated from high playing cost halls accounting for more than half of the total revenue during FY2019. Therefore, the Board considers that while continuing the existing pachinko business, there is a need to explore new business opportunities in order to support the long-term development of the Group. Further, the Company considers that with the stable income generated from the existing pachinko hall industry, the Company shall have the capacity to explore a new business opportunity and diversify the source of revenue.

It is anticipated by Boeing Commercial Airplanes in 2018 in the Boeing Current Market Outlook (2018 to 2037) that the world air traffic will grow by 4.7% per annum over the next twenty (20) years. With the substantial increase of the demand for the aircraft leasing every year, the abundant liquidity entered into the aircraft leasing business in the global market, as well as the growing trend of the number of the international tourists, it is anticipated by the Group that the aircraft leasing business is booming and will continue to grow in a steady pace in the coming twenty (20) years.

The Directors consider that the terms of the Aircraft Sale and Purchase Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole. The Directors confirmed that the Aircraft Sale and Purchase Agreement has been entered into by the Company in its ordinary and usual course of business and that the Transaction will have no material adverse impact on the Company's operations and financial position.

INFORMATION ABOUT THE GROUP AND VERMILLION

The Group is principally engaged in the business of pachinko hall operation.

To the knowledge of the Directors, Vermillion is principally engaged in the aircraft leasing business.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Vermillion and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

IMPLICATION OF THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Aircraft Sale and Purchase Agreement is above 5% but all are below 25%, the Transaction constitutes a discloseable transaction of the Company and is therefore subject to announcement requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall (unless the context otherwise requires) have the following meanings:

"Aircraft"	one (1) Airbus A320-271N aircraft
"Aircraft Lease Agreement"	the aircraft lease agreement previously entered into between Vermillion (as the lessor) and a lessee relating to the lease of the Aircraft
"Aircraft Sale and Purchase Agreement"	the aircraft sale and purchase agreement entered into between Vermillion and the Company (through its wholly-owned special purpose vehicle, as purchaser) on 8 August 2019, pursuant to which Vermillion has agreed to sell and the Company has agreed to purchase the Aircraft from Vermillion
"Board"	the board of Directors
"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
"Consideration"	the actual consideration payable by Dynam Aviation to Vermillion for the purchase of the Aircraft

“Dynam Aviation”	Dynam Aviation Ireland One Limited, an indirect wholly-owned subsidiary of the Company
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Novation Agreement”	the deed of novation to be agreed on or prior to completion and to be entered into concurrently at completion of the Transaction, in which Vermillion’s rights and obligations under the Aircraft Lease Agreement will be novated to Dynam Aviation and Dynam Aviation will assume the rights and obligations of Vermillion under the Aircraft Lease Agreement
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction contemplated under the Aircraft Sale and Purchase Agreement
“US\$”	United States dollars, the lawful currency of the United States of America
“Vermillion”	Vermillion Aviation (Two) Limited, a private company limited by shares incorporated under the laws of Ireland
“%”	percent.

In this announcement, certain amounts denominated in US\$ are translated into HK\$ at the exchange rate shown below, but such conversions shall not be construed as representations that amounts in US\$ were or may have been converted into HK\$ at such rate or any other exchange rates or at all: US\$1 = HK\$7.80.

By order of the Board
DYNAM JAPAN HOLDINGS Co., Ltd.
Kohei SATO
Chairman of the Board

Tokyo, Japan, 8 August 2019

As of the date of this announcement, the executive Director is Mr. Kohei SATO, the non-executive Directors are Mr. Yoji SATO, Mr. Tatsuji FUJIMOTO and Mr. Noriaki USHIJIMA, and the independent non-executive Directors are Mr. Ichiro TAKANO, Mr. Mitsutoshi KATO, Mr. Thomas Chun Kee YIP, Mr. Kei MURAYAMA and Mr. Kiyohito KANDA.