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2 June 2021

Makoto SAKAMOTO, Director and Chief Executive Officer
DYNAM JAPAN HOLDINGS Co., Ltd.
2-25-1-702 Nishi-Nippori, Arakawa-ku, Tokyo, Japan

**CONVOCATION NOTICE
FOR THE 10TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

NOTICE IS HEREBY GIVEN THAT the 10th Annual General Meeting of Shareholders (the “Meeting”) of DYNAM JAPAN HOLDINGS Co., Ltd. (the “Company”) will be held as detailed hereinafter, and your attendance is cordially requested.

Particulars:

- 1. Date and time:** Thursday, 24 June 2021 at 10:00 a.m., Japan time (Reception starts at 9:30 a.m.)
- 2. Location:** Meeting Room of the Company’s Headquarter
2-25-1-702 Nishi-Nippori, Arakawa-ku, Tokyo, Japan
- 3. Agenda of the Meeting:**

Matters to be Reported

Report on the Business Report and the Financial Statements, and report on results of the audit by the Accounting Auditor and the review by the Audit Committee on the Financial Statements for the 10th fiscal year (from 1 April 2020 to 31 March 2021)

Matters to be Resolved

First Resolution	General Mandate to Allot, Issue and Deal in Shares
Second Resolution	General Mandate to Repurchase Shares
Third Resolution	Proposed Election of Nine (9) Directors
Fourth Resolution	Proposed Election of an Auditor pursuant to the Listing Rules

4. Rules on Convocation for the Meeting

(1) Shareholders attending the Meeting in person

Shareholders of the Company (the “Shareholders”) will be requested to confirm their identity at the reception. Confirmation of identity will be carried out by the method of comparing the Shareholder’s signature with the signature he/she has registered in advance. Please bring a piece of identification such as a passport or driver’s license.

(2) Proxies representing Shareholders who are unable to attend the Meeting

Please fill out the required information on the proxy form sent by the Company, and have it signed personally by the Shareholder. The signature will be compared to the signature of the Shareholder that has been registered in advance to confirm that it is the Shareholder’s own signature, so Shareholders are requested to use the same signature that they have registered in advance.

Proxies are requested to submit the proxy form with the required information filled in and signed personally by the Shareholder to the reception desk of the Meeting on the day thereof.

Proxies will be asked to confirm their identity at the reception. Please bring a piece of identification such as a passport or driver’s license to confirm your identity as the person named on the proxy form.

(3) Shareholders who are not attending the Meeting and who assign their proxies to the Chairman of the Meeting

Please fill out the required information on the proxy form sent by the Company (please do not fill out the spaces for the home or main office address of the proxy and name of the proxy), and have it signed personally by the Shareholder. The signature will be compared to the signature of the Shareholder that has been registered in advance to confirm that it is the Shareholder’s own signature, so Shareholders are requested to use the same signature that they have registered in advance.

Please send the proxy form, filled in with the required information excluding the home or main office address of the proxy and name of the proxy and signed personally by the Shareholder by mail to the location of the Meeting by no later than the date of the Meeting OR deposit such proxy form at the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting.

5. Other Precautions

- (1) All resolutions set out in this convocation notice (the “Notice”) will be decided by poll at the Meeting in accordance with Rule 13.39(4) of the Listing Rules.
- (2) Shareholders having voting rights recorded in the most recent share registry as of 24 May 2021 shall be deemed to be Shareholders permitted to attend and vote at the Meeting.
- (3) Shareholders who intend to cast their votes in different ways (i.e. partly for and partly against a resolution) are requested to notify the Company in writing of their intention to do so and the reason therefor no later than 3 days before the Meeting.
- (4) Beneficial owners of the shares of the Company (the “Shares”) who hold pecuniary interests and voting rights in the Company with respect to the Shares deposited into the Central Clearing and Settlement System (“CCASS”) and registered in the name of HKSCC Nominees Limited (“HKSCC Nominees”) (the “CCASS Beneficial Owners”) are not recognised as Shareholders under Japanese law. HKSCC Nominees will exercise the voting rights entitled by the CCASS Beneficial Owners in accordance with the pre-determined arrangements between HKSCC Nominees and the CCASS Beneficial Owners and the general operational rules of CCASS.

Final Dividend for the 10th fiscal year

On 26 May 2021, the board (the “Board”) of directors (the “Directors”) of the Company declared the final dividend of JPY2.00 or HKD0.1424 per ordinary share of the Company. The final dividend will be payable on Friday, 25 June 2021 to the Shareholders whose names appear on the share register of the Company at the close of business on Monday, 7 June 2021.

BUSINESS REPORT
(1 April 2020 to 31 March 2021)

1. THE COMPANY AND ITS SUBSIDIARIES (THE “GROUP”)

(1) Progress of Business and Results

Due to the effects of prolonging COVID-19, the economic activities involving the traveling of people were sluggish. The government re-issued the state of emergency declaration in some of the metropolitan areas in Japan. For this and other reasons, we still remain in a severe situation.

In the pachinko hall industry, the government of Japan issued the state of emergency declaration in April 2020, and the hall operators temporarily suspended their pachinko hall operation nationwide. In July 2020 after the operators resumed the hall operation, the number of customers coming to the halls started to recover, and the signs of gradual recovery were observed toward the end of the business year under review. However, the virus has started spreading again, and the situation is still unpredictable. In the midst of this, the Group made efforts to improve the environment for the customers to play easily and safely under the COVID-19 related crisis by making the “Guideline to Prevent Expansion of COVID-19 in the Operation of Pachinko/Pachislot Halls”, a guideline of the industry, and by taking other measures.

The Group has strived to strengthen the management base through various measures. For example, in order to make our operation safer, we borrowed money from financial institutions and secured additional commitment line to improve the liquidity on hand. In addition, the Group temporarily stopped new investments and closed unprofitable halls. On the other hand, the Group has focused on the continued employment of the employees through measures such as utilizing the employment adjustment subsidy from the government. As for the number of halls opened or closed, we newly opened 1 high playing cost hall and closed 7 low playing cost halls. As a result, the number of halls existing as at the end of the business year under review was 442 consisting of 176 high playing cost halls and 266 low playing cost halls.

As for the aircraft leasing business that we started in the previous business year, the Group did not make new investment and just made efforts to strengthen the management system of the leased assets. The Group aims to gain long-lasting and stable income.

As a result, the non-consolidated operation results of the Company for the fiscal year under review were as follows: net sales of ¥5,502 million (-44.8%, year-on-year); the ordinary income of ¥4,556 million (-48.2%, year-on-year); and the net income of ¥4,548 million (-48.2%, year-on-year).

The consolidated operation results of the Company for the same fiscal year^(※) were as follows: operating revenue of ¥98,602 million (-30.8%, year-on-year), the operating profit of ¥6,728 million (-68.7%, year-on-year) and the net profit attributable to owners of the Company of ¥2,363 million (-81.5%, year-on-year).

(Note) The figures of the consolidated operation results are from the consolidated financial statements that have been prepared pursuant to the International Financial Reporting Standards which we voluntarily disclose for information purposes and are not audited or reviewed by the accounting auditor.

(2) Financing

1) *Financing of the Company*

Not applicable.

2) *Financing of the Group*

During the fiscal year under review, we made efforts to improve the liquidity on hand by securing additional commitment line and borrowing money from financial institutions in anticipation of the decrease in profitability due to the expansion of COVID-19.

As a result of these efforts, as at the end of the business year under review, the amount of cash and deposits was ¥74,661 million, an increase of ¥32,851 million from the previous year; and the amount of borrowings was ¥33,967 million, an increase of ¥20,739 million from the previous year.

Please note that the Group is making an effort to streamline funds through the introduction of CMS (cash management system) that allows the central management of funds for each subsidiary of the Group.

(Note) The figures of the financing of the Group are from the consolidated financial statements that have been prepared pursuant to the International Financial Reporting Standards which we voluntarily disclose for information purposes and are not audited by the accounting auditor.

(3) Capital Expenditure

1) *Capital Expenditure of the Company*

Not applicable.

2) *Capital Expenditure of the Group*

Total capital expenditures for the fiscal year under review was ¥1.605 billion, a large decrease from the amount of previous year: ¥23.366 billion. This was because the Group generally stopped new investments due to the expansion of COVID-19.

(Note) The figures of the capital expenditure of the Group are from the consolidated financial statements that have been prepared pursuant to the International Financial Reporting Standards which we voluntarily disclose for information purposes and are not audited by the accounting auditor.

(4) Management Issues

1) *Pursuing low-cost management*

The Group is promoting the introduction of halls specializing in low playing cost machines, since operating revenues and profits are lower for low playing cost machines compared to the existing machines. Therefore, technologies and know-how to achieve low-cost management are required. The Group will strive to achieve low-cost management by standardizing halls to allow efficient purchases of building materials, strengthening our product provision capabilities (product quality), thoroughly implementing the standardization and simplification of processes through on-site on the job training, reviewing the headquarters and supervisory organizations that serve to support halls, and streamlining through the deployment of the proper number of personnel.

2) *Strengthening internal control*

The Group has established the Group Internal Control Committee, made the internal control systems of the Group based on the “Basic Policy for Internal Control” decided by the Board, checked and improved the systems according to the change of laws and regulations. The Group has in place the Group risk management committee, grasp the intrinsic risk of the whole Group comprehensively and resolve issues related to the risk management.

3) *Measures against the outbreak of COVID-19*

The negative effects of COVID-19 have been prolonging and the number of customers coming to the pachinko halls is hovering in a range from 70% to 80% of that before the outbreak of COVID-19. How to secure sales income is an issue for the management to deal with. While COVID-19 is expected to be contained as COVID-19 vaccination makes progress in Japan, the Group will continue to take measures to establish the business structure where the Group is able to secure a profit even with a level of revenue lower than before.

(5) Trends in Property and Gains (Losses)

1) *Trends in Property and Gains (Losses) of the Company:*

	7th Fiscal Year	8th Fiscal Year	9th Fiscal Year	10th Fiscal Year
	Fiscal Year ended 31 March 2018	Fiscal Year ended 31 March 2019	Fiscal Year ended 31 March 2020	Fiscal Year ended 31 March 2021
Net sales (Millions of yen)	10,038	9,991	9,976	5,502
Operating income (Millions of yen)	8,572	8,997	8,799	4,556
Net income (Millions of yen)	8,573	8,889	8,788	4,548
Earnings per Share (Yen)	11.19	11.61	11.47	5.98
Total assets (Millions of yen)	105,311	110,130	109,420	117,105
Total net assets (Millions of yen)	94,211	93,908	93,505	92,047
Net assets per Share (Yen)	122.99	122.60	122.07	122.29

2) *Trends in Property and Gains (Losses) of the Group:*

	International Financial Reporting Standard (“IFRS”)			
	7th Consolidated Fiscal Year	8th Consolidated Fiscal Year	9th Consolidated Fiscal Year	10th Consolidated Fiscal Year
	Fiscal Year ended 31 March 2018	Fiscal Year ended 31 March 2019	Fiscal Year ended 31 March 2020	Fiscal Year ended 31 March 2021
Revenue (Millions of yen)	152,092	146,371	142,483	98,602
Operating profit (Millions of yen)	17,349	19,342	21,514	6,728
Net profit attributable to owners of the Company (Millions of yen)	10,870	12,596	12,748	2,363
Basic earnings per Share (Yen)	14.19	16.44	16.64	3.10
Total assets (Millions of yen)	184,971	185,332	277,239	301,073
Equity attributable to owners of the Company (Millions of yen)	137,532	141,821	134,753	132,005
Equity attributable to owners of the Company per Share (Yen)	179.55	185.15	175.92	175.38

(Notes)

The figures of the 7th consolidated fiscal year were audited by PricewaterhouseCoopers Aarata LLC. Also, the figures of the 8th, 9th and 10th consolidated fiscal year were from the consolidated financial statements that have been prepared pursuant to the IFRS which we voluntarily disclose for information purposes and are not audited by the accounting auditor.

(6) Important Parent Company and Subsidiaries

1) *Status of parent company:*

Not applicable.

2) *Important subsidiaries*

(As of 31 March 2021)

Name of Company	Capital Stock	Ratio of Voting Rights	Principal Business Description
DYNAM Co., Ltd.	¥5,000 million	100%	Operation of pachinko halls
Yume Corporation Co., Ltd.	¥50 million	100%	Operation of pachinko halls
Cabin Plaza Co., Ltd.	¥10 million	100%	Operation of pachinko halls
DYNAM Business Support Co., Ltd.	¥1,020 million	100%	Property Management and Hall Development
Nihon Humap Co., Ltd.	¥100 million	100%	Restaurant and Cleaning Services
Dynam Hong Kong Co., Limited	HK\$0.8 billion	100%	Investment businesses in Asian regions
Dynam Aviation Ireland Limited	US\$1 million	100%	Aircraft Lease

3) *Matters of Specified Wholly Owned Subsidiary*

Name	Address	Total Book Value	Total Assets
DYNAM Co., Ltd.	2-27-5 Nishi-Nippori, Arakawa-ku, Tokyo	¥49,701 million	¥117,105 million

(7) **Principal Business Description**

The Company, as a pure holding company, coordinates the management of the entire Group.

The principal businesses of the Group are as follows.

(As of 31 March 2021)

Business Segment	Principal Business Description
Pachinko Hall	Operation of pachinko halls
Real Estate Development	Real estate management and development of halls
Restaurant Business	Operation of restaurants adjacent to pachinko halls
Cleaning Business	Cleaning services in pachinko halls
Investment Business	Investment in businesses in Asian regions
Aircraft Leasing Business	Aircraft Lease

(8) **Principal Business Premises**

1) *The Company*

(As of 31 March 2021)

Head Office	2-25-1-702 Nishi-Nippori, Arakawa-ku, Tokyo, Japan
Principal place of business in Hong Kong	Unit 1, 32/F, Hong Kong Plaza, 188 Connaught Road West, Hong Kong

2) *Principal Subsidiaries*

(As of 31 March 2021)

DYNAM Co., Ltd.	Head Office	2-27-5 Nishi-Nippori, Arakawa-ku, Tokyo, Japan
	Pachinko Halls Distribution Centers	401 halls in 46 prefectures in Japan 16 locations in 16 prefectures in Japan
Yume Corporation Co., Ltd.	Head Office	195-1 Funahara-cho, Toyohashi, Aichi, Japan
	Pachinko Halls	33 halls in 21 prefectures in Japan
Cabin Plaza Co., Ltd.	Head Office	5-21-7 Nishi-Nippori, Arakawa-ku, Tokyo, Japan
	Pachinko Halls	8 halls in 5 prefectures in Japan
DYNAM Business Support Co., Ltd.	Head Office	5-15-7 Nishi-Nippori, Arakawa-ku, Tokyo, Japan
Nihon Humap Co., Ltd.	Head Office	5-15-7 Nishi-Nippori, Arakawa-ku, Tokyo, Japan
	Restaurants	375 restaurants in 45 prefectures in Japan
Dynam Hong Kong Co., Limited	Head Office	Unit 1, 32/F, Hong Kong Plaza, 188 Connaught Road West, Hong Kong
Dynam Aviation Ireland Limited	Head Office	32 Molesworth Street, Dublin 2, D02Y512, Ireland

(9) Status of Employees

1) Number of employees in the Company

(As of 31 March 2021)

Number of Employees	Changes from the End of the Previous Fiscal Year
50	+5

(Notes)

1. The above number refers to the number of employees at work in the Company. Apart from the above, the Company employed 5 temporary employees (average number of employees during the fiscal year under review).
2. Number of employees includes secondees from subsidiaries to the Company, and excludes secondees from the Company to subsidiaries.

2) Number of employees in the Group

(As of 31 March 2021)

Number of Employees	Changes from the End of the Previous Fiscal Year
5,229	-63

(Note) The above number refers to the number of employees at work in the Group. Apart from the above number, there are 10,875 temporary employees (average number of employees during the fiscal year under review).

(10) Lenders

Not applicable.

(11) Other Significant Matters Related to the Corporate Group

Please refer to “(4) Management Issues, 3) Measures against the outbreak of COVID-19” stated above.

2. MATTERS RELATED TO THE SHARES IN THE COMPANY (As of 31 March 2021)

- (1) Total Number of Shares Authorized for Issue: 2,520,000,000 Shares
- (2) Total Number of Issued Shares: 752,701,296 Shares
- (3) Number of Shareholders: 163 Shareholders
- (4) Major Shareholders:

Major Shareholders	Investment in the Company	
	Number of Shares Held (Thousands of Shares)	Shareholding Ratio (%)
Sato Aviation Capital Limited	177,822	23.62
HKSCC Nominees Limited	175,566	23.32
Rich-O Co., Ltd.	95,810	12.73
Eurasia Foundation (from Asia)	80,000	10.63
Kohei SATO	53,639	7.13
Shigehiro SATO	40,975	5.44
N. Company Co., Ltd.	20,517	2.73
Yaeko NISHIWAKI	20,379	2.71
Masahiro SATO	19,579	2.60
DYNAM JAPAN HOLDINGS Employee Stock Ownership Plan	18,337	2.44

(Notes)

1. There are no treasury Shares held.
2. Number of Shares held is stated based on the number of Shares beneficially held by the relevant shareholder.
3. HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited, and the nominee shareholder of the Company's shares listed on the Stock Exchange that are deposited in the account of the CCASS.

(5) Other Important Matters Related to Shares:

1) *Share Repurchase*

In order to implement flexible capital policy to cope with change of management environment and improve capital efficiency, the Company resolved to grant the general mandate to repurchase Shares at the annual general meeting on 24 June 2020. The details of the share repurchases based on such resolution are as follows:

Date of board resolution	Share repurchase period	Number of Shares repurchased
28 July 2020	From 29 July 2020 to 24 March 2021 ^(*)	13,284,600

* The period from 26 October 2020 to 25 November 2020 during which a director must not deal in any securities of the listed issuer under the Listing Rules is excluded.

2) *Cancellation of Repurchased Shares*

During the financial year under review, the Company cancelled the repurchased shares pursuant to Article 178 of the Companies Act and Article 9, Paragraph 2 of the articles of incorporation of the Company (the "Articles"). The details of the share cancellation are as follows:

Date of board resolution or Executive Officer's decision	Date of share cancellation	Number of Shares cancelled
27 August 2020	31 August 2020	1,704,200
29 September 2020	30 September 2020	4,908,400
27 October 2020	30 October 2020	369,800
26 February 2021	26 February 2021	3,025,200
31 March 2021	31 March 2021	3,277,000
Total		13,284,600

3. **STOCK ACQUISITION RIGHTS**

Not applicable.

4. COMPANY OFFICERS

(1) Directors and Executive Officers

(As of 31 March 2021)

Name	Position and Area of Responsibilities in the Company	Responsibilities and Other Significant Concurrent Offices Held
Mr. Makoto SAKAMOTO	Executive Director, Chairman of the Board, President, Chief Executive Officer, Member of Nomination Committee and Member of Remuneration Committee	Director of DYNAM Co., Ltd.
Mr. Yoji SATO	Non-executive Director and Senior Corporate Advisor	Director of Dynam Hong Kong Co., Limited and Representative Director of Eurasia Foundation (from Asia)
Mr. Kohei SATO	Non-executive Director and Corporate Advisor	
Mr. Akira HOSAKA	Non-executive Director	Representative Director and President of DYNAM Co., Ltd.
Mr. Mitsutoshi KATO	Independent Non-executive Director, Chairman of Nomination Committee and Chairman of Remuneration Committee	Representative Director and CFO of ECO-MATERIAL CORPORATION
Mr. Thomas Chun Kee YIP	Independent Non-executive Director and Member of Audit Committee	Practicing Director (Hong Kong Certified Public Accountant) of AIP Partners C.P.A. Limited
Mr. Kei MURAYAMA	Independent Non-executive Director, Member of Nomination Committee and Member of Remuneration Committee	
Mr. Kiyohito KANDA	Independent Non-executive Director and Chairman of Audit Committee	Tax Accountant
Mr. Koji KATO	Independent Non-executive Director and Member of Audit Committee	Attorney-at-law
Mr. Yoshiyuki MIZUTANI	Executive Officer	Managing Director of DYNAM Co., Ltd.
Mr. Hisao KATSUTA	Executive Officer	Director of Dynam Hong Kong Co., Limited

Name	Position and Area of Responsibilities in the Company	Responsibilities and Other Significant Concurrent Offices Held
Mr. Seiji OBE	Executive Officer	Director and CEO of Dynam Hong Kong Co., Limited and Director of Dynam Aviation Ireland Limited
Mr. Kimiharu SATO	Executive Officer	Director of DYNAM Co., Ltd.

(Notes)

1. Messrs. Mitsutoshi KATO, Thomas Chun Kee YIP, Kei MURAYAMA, Kiyohito KANDA and Koji KATO are Outside Directors as prescribed under Article 2, Item 15 of the Companies Act and independent non-executive Directors pursuant to the Listing Rules.
2. Mr. Kiyohito KANDA, the chairman of the Audit Committee, is a tax accountant and has adequate knowledge and insight in finance and accounting.
3. Mr. Thomas Chun Kee YIP, a member of the Audit Committee, a Hong Kong Certified Public Accountant, is currently serving as tax advisor in Hong Kong. He has adequate knowledge and insight in finance and accounting.
4. Mr. Koji KATO, a member of the Audit Committee, is an attorney-at-law. Having served as outside company auditor in other companies, he has adequate knowledge and insight in finance and accounting.
5. The Company has assigned to the Audit Committee Office a full-time audit assistant for supporting the duties of the Audit Committee, and so has not selected a full-time member of the Audit Committee.

(2) Remuneration Committee's Policies for Determining Remuneration for Directors and Executive Officers, and its Description

At the Remuneration Committee meeting, a resolution was passed to revise the method of payment of executive remunerations and bonuses as follows.

1) The principle applicable to the remuneration for Directors and Executive Officers

Remuneration for each of the Directors and Executive Officers shall be individually determined at an amount commensurate with the role expected, as well as the responsibility required in each position, in view of the standard at the industry peers as well as private businesses of equivalent scale in the similar sectors.

2) Remuneration for Directors

Remuneration for Directors shall be comprised of fixed remuneration and performance-related bonus to Company Officers.

A fixed remuneration shall be set based on the remuneration rank which is decided considering the rank and role, and the classification of whether the Director is full-time or part-time in the Group.

Bonus shall be determined by the level of performance of the Company.

Director's remuneration shall not be payable to a Director concurrently serving as an Executive Officer.

3) *Remuneration for Executive Officers*

Remuneration for Executive Officers consists of fixed remuneration and performance-related bonus and a fixed remuneration shall be set based on each Executive Officer's rank and role and a bonus shall be determined by the level of performance of the Company.

(3) **Total Amount of Remuneration for Directors and Executive Officers**

(From 1 April 2020 to 31 March 2021)

	Number of Officers	Total amount of paid remuneration
Directors (Outside Directors)	11 (※) (7)	¥81 million (¥35 million)
Executive Officers	5	¥83 million

(Notes)

1. Amounts are rounded off to the nearest million yen.
 2. No other form of remuneration other than money is paid as the remuneration for Directors and Executive Officers.
- (※) As of the end of the fiscal year under review, there are nine (9) Directors (including five (5) Outside Directors and one (1) Executive Director concurrently serving as Executive Officer) and four (4) Executive Officers. Please note that the remuneration for Director shall not be paid to a Director concurrently serving as an Executive Officer.

(4) **Outline of the contracts for limitation of liability**

Not applicable.

(5) **Matters Regarding Outside Directors**

1) *Significant concurrent offices which the Outside Directors hold at other companies*

Concurrent services of Directors and Executive Officers are stated in “(1) Directors and Executive Officers” under item 4 headed “COMPANY OFFICERS”. Other entities in which Directors and Executive Officers serve concurrently have no business relations with the Company.

2) *Relationship with the specified related business operators including primarily main trade connections*

Not applicable.

3) *Outline of activities in the fiscal year under review*

Name of Outside Directors	Outline of Activities
Mr. Mitsutoshi KATO	Mr. Kato attended all of 13 Board meetings, 5 Nomination Committee meetings and 6 Remuneration Committee meetings held in the fiscal year under review. He made remarks as appropriate in the course of deliberation of proposals, etc. from the viewpoint of, and based on the insight into the management of manufacturing/financial business.
Mr. Thomas Chun Kee YIP	Mr. Yip attended all of 13 Board meetings and 16 Audit Committee meetings held in the fiscal year under review. He made remarks as appropriate in the course of deliberation of proposals, etc. from the viewpoint of a tax and accounting expert.
Mr. Kei MURAYAMA	Mr. Murayama attended all of 13 Board meetings, 5 Nomination Committee meetings and 6 Remuneration Committee meetings held in the fiscal year under review. He made remarks as appropriate in the course of deliberation of proposals, etc. from the viewpoint of an expert on human resources and labor relations.
Mr. Kiyohito KANDA	Mr. Kanda attended all of 13 Board meetings and 16 Audit Committee meetings held in the fiscal year under review. He made remarks as appropriate in the course of deliberation of proposals, etc. from the viewpoint of a tax and accounting expert.
Mr. Koji KATO	Mr. Kato attended all of 10 Board meetings and 12 Audit Committee meetings under review after he became a director. He made remarks as appropriate in the course of deliberation of proposals, etc. from the viewpoint of a legal expert.

5. ACCOUNTING AUDITOR

(1) Name of Accounting Auditor

PricewaterhouseCoopers Aarata LLC

(2) Amount of Remuneration of Accounting Auditor for the Fiscal Year under Review

Classification	Amount paid
Amount of remuneration of Accounting Auditor payable by the Company	¥70 million
Amount of remuneration for Accounting Auditor payable by subsidiaries	¥26 million

(Note) Amounts are rounded off to the nearest million yen.

(3) Reason Audit Committee Consented to Remuneration of Accounting Auditor

The Audit Committee reviewed and considered the Accounting Auditor's team formation, audit plan, implementation status, establishment of quality control system and quotation of remuneration based on "Practical Guidelines for Alliance with Accounting Auditor". As a result, the Audit Committee consented to the remuneration of the Accounting Auditor as specified in Article 399, Paragraph 1 of the Companies Act.

(4) Outline of the Contracts for Limitation of Liability

Not applicable.

(5) Policy on Determination of Removal or Disapproval of Re-appointment

If the Accounting Auditor is deemed to fall under any item of Article 340, Paragraph 1 of the Companies Act, the Audit Committee will remove the Accounting Auditor by consent of all of the Audit Committee members. In that case, the Audit Committee members elected by the Board shall report the dismissal of the Accounting Auditor and the reason therefor at the first General Meeting of Shareholders convened after the dismissal.

Apart from the above, the Audit Committee will review re-appointment or non-re-appointment of the Accounting Auditor each year, in consideration of the quality of audit and the effectiveness and efficiency of audit implementation by the Accounting Auditor.

6. FRAMEWORKS AND POLICIES OF THE COMPANY

(1) Frameworks for Ensuring Proper Execution of Business Operations

At the Board meeting, a resolution was passed on the basic policy of internal control as per the following:

1) *Framework for Data Storage and Management Relating to Execution of Duties by Executive Officers*

Executive Officers shall follow laws and rules in respect of document management, while maintaining and controlling information concerning the execution of their duties.

Executive Officers shall establish and maintain a system which, in response to the request by the Directors, the Audit Committee, or the Accounting Auditor, can disclose the information concerning the execution of their duties.

2) *Rules for Risk of Loss Management and Other Similar Frameworks*

Executive Officers shall establish the Group Risk Management Committee and maintain rules concerning risk management.

The Group Risk Management Committee shall summarize risk information exhaustively and develop risk analysis and countermeasure thereof.

Executive Officers shall, in response to unforeseen circumstances, set up an emergency headquarters to minimize the magnitude of losses.

3) *Framework for Ensuring the Efficient Execution of Duties by Executive Officers*

The Company shall hold the Board meeting monthly, as well as an urgent meeting as necessary, to ensure the efficient execution of duties by Executive Officers while maintaining the internal rules to define the responsibility and authority of Executive Officers and deliberation procedure at meeting structure for ensuring the efficient framework of business execution and Executive Officers' responsibility.

4) *Framework for Ensuring Execution of Duties by Executive Officers and Employees are in Compliance with Laws and Regulations and Articles*

The Company shall conform to the following matters to run the business according to the corporate philosophy in addition to the compliance with laws and regulations and Articles.

- (i) The Company shall establish “DYNAM JAPAN HOLDINGS Group Charter of Corporate Behavior” for executives and employees to comply with laws and regulations and the Articles.
- (ii) The Company shall keep executives and employees of the Group informed thoroughly of the “DYNAM JAPAN HOLDINGS Group Charter of Corporate Behavior”.
- (iii) The Company shall countermeasure any issues concerning compliance based on “DYNAM JAPAN HOLDINGS Group Charter of Corporate Behavior”.
- (iv) Executive Officers shall establish a whistle-blowing system for the Group to enhance effectiveness of the compliance framework.

5) *Framework for Ensuring Proper Execution of Business Operations in Corporate Group Consisting of the Company and Subsidiaries*

The Company shall promote following activities to comply with laws and regulations for the transactions between subsidiaries and proper business execution of the subsidiaries.

- (i) The Company shall, through regularly held Management Strategy Conference and Business Briefing Sessions, grasp the action plans of subsidiaries which received correction instruction from the Company to conduct proper management guidance and control, in addition to the deliberation for the report of business and financial condition and other essential information. Meanwhile, the Company keeps identifying business risks that can be envisaged, and takes necessary risk management measures.
- (ii) Executive Officers shall establish the Group Internal Control Committee and the Group Risk Management Committee to develop and operate a system necessary to manage risks of loss.
- (iii) The Board lays out the primary Group management policies, while approving the business plans/budgets to ensure their prompt business execution.

In the course of their business execution, Executive Officers shall make business decisions according to due internal procedures based on the Board of Directors’ Rules, Rules for Executive Officers’ Business Execution and other rules concerning the responsibility and authority of Executive Officers, while supporting the duties of subsidiaries such as finance, accounting, personnel affairs and judicial affairs depending on their circumstances.

- (iv) Executive Officers shall keep executives and employees of the Group informed thoroughly of the “DYNAM JAPAN HOLDINGS Group Charter of Corporate Behavior”, relevant laws and regulations and rules and regulations of each Group company.

Executive Officers shall ensure the credibility of financial reports by examining the financial statements which may affect reliability thereof significantly.

Executive Officers shall strive for early detection of, and timely response to the violation of laws and regulations within the Group, by utilizing an attitude survey of employees over compliance and an intra-Group whistle blowing system. In response to any issue on a practice of whistle blowing system, Executive Officers shall request an improvement thereof.

The Company shall thoroughly stay away from the anti-social force or organizations that threaten the order and security of civil society, flatly reject any demand from them, and have no transactions whatsoever with the businesses, bodies and individuals related to them. Meanwhile, the whole Group shall address them in a resolute attitude, and coordinate with the external parties professionally addressing them including the police and our legal advisors.

6) *Matters Related to Directors and Employees Who Are to Assist the Duties of the Audit Committee*

Executive Officers shall establish the Audit Committee Support Office consisting of employees who are to assist the duties of the Audit Committee.

7) *Matters Related to the Employees' Independence from Executive Officers in the Preceding Item*

Executive Officers shall set out internal procedures regarding employees who are to assist the duties of the Audit Committee, which must formulate and operate the provisions necessary to ensure independence of the employees who are appointed to work at the Audit Committee Support Office, in terms of their execution of duty and personnel matters.

8) *Framework for Ensuring the Effective Instruction to Directors and Employees Who Are to Assist the Duties of the Audit Committee*

Executive Officers shall establish a system in which employees may execute their duties based on the instruction of the Audit Committee or the designated member of the Audit Committee, and Executive Officers shall not appoint any employee who is concurrently served other duties.

9) *Framework for Reporting by Executive Officers and Employees to the Audit Committee and Framework for Other Types of Reporting to the Audit Committee*

The Company is committed to the following measures for Executive Officers and employees to regularly report on the status of execution of such Executive Officers' duties and material matters for ensuring that audits are efficiently conducted by the Audit Committee.

- (i) An Executive Officer or a person designated by such Executive Officer shall make regular reports on the status of execution of such Executive Officer's or such employee's duties to the Audit Committee.
- (ii) Directors (except for those who are members of the Audit Committee), Executive Officers and employees and executives and employees of its subsidiaries shall report on the status of such Executive Officers' and executives' duties to the Audit Committee upon the request by the Audit Committee.
- (iii) Directors (except for those who are members of Audit Committee), Executive Officers and employees and executives and employees of its subsidiaries shall be able to report

to the Audit Committee in case they find matters that may significantly and adversely affect the Company and its subsidiaries and facts in violation of material laws and regulation and the Articles.

- (iv) A section of the Group in charge of its whistle blowing system shall regularly report on the status of the Group's whistle blowing activities to the Audit Committee.
- (v) Executive Officers shall not treat adversely the Group's executives and employees who have made a report to the Audit Committee for the reason that they have made such report to the Audit Committee.

10) Matters Related to Policies Pertaining to Process such as Prepayment of Expenses Resulting from Execution of the Audit Committee's Duties

In the event the Audit Committee requests the Company to make the prepayment of expenses, etc. under the Companies Act, the Company may not refuse to do so and shall promptly account for expenses and debts unless there is a special circumstance where expenses or debts pertaining to such request are deemed unnecessary for the execution of the Audit Committee's duties.

11) Other Frameworks for Ensuring that the Audit Committee Effectively Executes Audits

An Executive Officer shall provide a member of the Audit Committee designated by the Audit Committee with opportunities to attend conference bodies presided over by such Executive Officer.

The responsible person of the Group's audit section shall discuss the internal audit plan with the Audit Committee and report on the results of audits on the Group's affairs and audits on improvement and operation of internal control to the Audit Committee.

(2) Summary of Operational Status of the Above Frameworks

The summary of operational status of the above frameworks during the fiscal year under review is as shown below.

1) Compliance

The Company has established "DYNAM JAPAN HOLDINGS Group Charter of Corporate Behavior" consisting of corporate philosophy and management policies. The Group continuously provides education to all officers and employees for ensuring each of them will understand thoroughly and act in accordance with this Behavior. In particular, in the fiscal year under review, the focus was put on the "training for protection of personal information" and the "training for harassment prevention" to improve working environment.

The Company is operating an internal whistle blowing system for earlier discovery of organizational or individual compliance violations such as illegal action, injustice, regulatory violation and so on and violations in the course of business. Further, as the countermeasure for excluding the anti-social force, the Company has been conducting screening surveys on suppliers and has agreed with new suppliers not to have any relationship with the anti-social force. In this manner, the Company has taken necessary actions to block any relationship with the anti-social force.

2) *Risk Management*

Executive Officers have established the Group Risk Management Committee to build a risk management system for the entire Group and the Group has been discussing analysis of risks impeding business activities and urgent countermeasure for the occurrence of cases and accidents. During the financial year under review, the Company has coped with the expansion of COVID-19, built and maintained the work environment which enables business continuation through, among others, telecommuting and continuously examined the countermeasures against natural disasters and infectious diseases in the future.

3) *Management of Subsidiaries*

The Company has received reports on the management situation, financial condition and any other significant matters from subsidiaries and conducted proper management guidance to them in monthly Business Briefing Sessions and other meetings. Further, the Company has conducted the audit of subsidiaries for checking the status of compliance with laws and regulations, the execution status of their duties and so on. Through such audit, the Company has confirmed each Group company's issues and problems earlier and made the improvement plan on such issues thereby having secured the appropriateness of business operations and improved the business efficiency.

(3) Basic Policies for the Control of the Company

Not applicable.

(4) Policies for Determining Dividends from Surplus

Performance-related distribution of profit to Shareholders is one of the priority agendas of the Company, and its basic policy is to pay dividends from surplus not less than 35% of the consolidated net profit calculated according to IFRS.

In terms of dividends from surplus, the interim dividend of ¥3.00 per Share was paid out in accordance with the resolution at the Board meeting held on 25 November 2020. At the Board meeting held on 26 May 2021, it was resolved to pay ¥2.00 per Share as final dividend.

DYNAM JAPAN HOLDINGS Co., Ltd.
Non-consolidated financial statements

BALANCE SHEET
(As of 31 March 2021)

	(Millions of yen)
(Assets)	
Current assets	40,481
Cash and deposits	25,253
Short-term loans receivable	14,100
Income taxes receivable	979
Other	148
Non-current assets	76,624
Property, plant and equipment	321
Buildings	119
Tools and equipment	1
Land	200
Intangible assets	1
Trademarks	1
Software	0
Investments and other assets	76,301
Stocks of subsidiaries and affiliates	76,027
Others	274
Total assets	117,105

DYNAM JAPAN HOLDINGS Co., Ltd.
Non-consolidated financial statements

(Millions of yen)

(Liabilities)	
Current liabilities	25,030
Accounts payable	47
Income taxes payables	36
Deposits received	24,883
Provision for Directors' bonuses	5
Other	57
	<hr/>
Non-current liabilities	27
Long-term accounts payable	18
Deferred tax liabilities	8
	<hr/>
Total liabilities	25,058
	<hr/>
(Net assets)	
Shareholders' equity	92,047
Capital stock	15,000
Capital surplus	56,659
Legal capital surplus	12,909
Other capital surplus	43,750
Retained earnings	20,388
Other retained earnings	20,388
Retained earnings brought forward	20,388
	<hr/>
Total net assets	92,047
	<hr/>
Total liabilities and net assets	117,105
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DYNAM JAPAN HOLDINGS CO., Ltd.
Non-consolidated financial statements

STATEMENT OF PROFIT OR LOSS
(From 1 April 2020 to 31 March 2021)

(Millions of yen)

Net sales		<u>5,502</u>
Gross profit		5,502
Selling, general and administrative expenses		<u>1,111</u>
Operating income		<u>4,390</u>
Non-operating income		
Interest income	114	
Foreign exchange gains	32	
Others	<u>25</u>	<u>172</u>
Non-operating expense		
Others	<u>6</u>	<u>6</u>
Ordinary income		4,556
Extraordinary Loss		
Liquidation loss of subsidiary	<u>3</u>	<u>3</u>
Income before income taxes		4,553
Income taxes — current	3	
Income taxes — deferred	<u>0</u>	<u>4</u>
Net income		<u><u>4,548</u></u>

DYNAM JAPAN HOLDINGS CO., Ltd.
Non-consolidated financial statements

STATEMENT OF CHANGES IN NET ASSETS
(From 1 April 2020 to 31 March 2021)

(Millions of yen)

	Shareholders' equity					
		Capital surplus			Retained earnings	
					-Other retained earnings	
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	-Retained earnings brought forward	Total retained earnings
Balance as of 1 April 2020	15,000	12,909	45,182	58,091	20,414	20,414
Changes during the current fiscal year						
2020 dividend	-	-	-	-	(4,574)	(4,574)
Profit for the year	-	-	-	-	4,548	4,548
Acquisition of treasury shares	-	-	-	-	-	-
Cancellation of treasury shares	-	-	(1,431)	(1,431)	-	-
Total changes during the current fiscal Year	-	-	(1,431)	(1,431)	(26)	(26)
Balance as of 31 March 2021	15,000	12,909	43,750	56,659	20,388	20,388

	Shareholders' equity		Total net assets
	Treasury shares	Total shareholders' equity	
Balance as of 1 April 2020	-	93,505	93,505
Changes during the current fiscal year			
2020 dividend	-	(4,574)	(4,574)
Profit for the year	-	4,548	4,548
Acquisition of treasury shares	(1,431)	(1,431)	(1,431)
Cancellation of treasury shares	1,431	-	-
Total changes during the current fiscal Year	-	(1,458)	(1,458)
Balance as of 31 March 2021	-	92,047	92,047

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

1) Valuation method of significant assets

Valuation method of securities

Stocks of subsidiaries: Stocks of subsidiaries are stated at cost less impairment, determined by the moving average method.

Available-for-sale securities:

Securities with market value: Securities with market value are stated at the quoted market prices prevailing at the end of the fiscal year. Differences between market value and acquisition costs are reported as "Unrealized losses on available-for-sale securities" a separate component of net assets. The cost of securities sold is determined using the moving average basis.

Securities without market value: Securities without market value are stated at cost less impairment, determined using the moving average basis.

2) Depreciation method of depreciable assets

Property, plant, and equipment: Depreciation of property, plant and equipment is calculated on the declining-balance method, while the straight-line method is applied to buildings (excluding leasehold improvements) and leasehold improvements acquired after 1 April 2016.

Intangible assets: Amortisation of intangible assets is calculated on the straight-line method. Software used for internal purposes is amortised on the straight-line method over its estimated useful life (5 years).

3) Recognition and measurement of significant provisions and allowances

Provision for Directors' bonuses

Provision for Directors' bonuses is made for the estimated amounts to be paid during the fiscal year under review.

4) Translations of foreign currency receivables and payables

Foreign currency receivables and payables are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

5) Other significant accounting policies for financial statements

Cash Management System (CMS)

As a result of utilization of Cash Management System (CMS) for the purpose of promoting efficient use of the Group funds, the Company has "short-term loans receivable" of ¥14,100 million due from the Group companies and "deposits received" of ¥24,878 million due to the Group companies.

Accounting for consumption tax

The amounts in the financial statements are presented without consumption or local consumption taxes.

2. NOTES TO BALANCE SHEET

1) Accumulated depreciation

Property, plant, and equipment

(Millions of yen)
64

2) Financial guarantees

Financial guarantees for the debts owed to other companies from financial institutions are as follows:

DYNAM Co., Ltd.	(Millions of yen) 15,000
Yume Corporation Co., Ltd.	4,250
Total	19,250

3) Assets due from and liabilities due to subsidiaries and affiliates

Short-term receivables	(Millions of yen) 14,175
Short-term payables	24,913

3. NOTES TO STATEMENT OF PROFIT OR LOSS

1) Transactions with subsidiaries and affiliates

Business transactions	(Millions of yen)
Net sales	5,502
Selling, general and administrative expenses	122
Other transactions	115

4. NOTES TO STATEMENT OF CHANGES IN NET ASSETS

1) Total number of issued Shares as at the end of the fiscal year

Ordinary Shares	752,701,296 Shares
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2) Dividend from surplus during the fiscal year

Resolution	Class of Share	Dividend amount (Millions of yen)	Dividend amount per Share (yen)	Record date	Effective date
Board meeting on 27 May 2020	Ordinary Share	2,298	3.00	8 June 2020	24 June 2020
Board meeting on 25 November 2020	Ordinary Share	2,277	3.00	14 December 2020	13 January 2021

3) **Dividend from surplus of which record date and effective date come in the subsequent fiscal year**

Resolution	Class of Share	Dividend amount (Millions of yen)	Fund of Dividend	Dividend amount per Share (yen)	Record date	Effective date
Board meeting on 26 May 2021	Ordinary Share	1,505	Retained earnings	2.00	7 June 2021	25 June 2021

The amount of proposed final dividend for the year ended 31 March 2021 is based on 752,701,296 shares in issue as at 26 May 2021 when the financial statements were approved by the Board.

If the Company owns any treasury shares as at 7 June 2021, the dividend record date, the amount of proposed final dividend represents the number of shares in issue, which exclude the number of treasury shares owned by the Company as of the date, multiplied by the amount of dividend per share.

5. NOTES TO INCOME TAXES

1) Deferred tax assets

	(Millions of yen)
Deferred tax assets	
Stocks of subsidiaries and affiliates	2,465
Unused tax loss	878
Others	264
	<hr/>
Subtotal	3,608
Valuation allowance	(3,608)
	<hr/>
Total	-
	<hr/>

2) Deferred tax liabilities

	(Millions of yen)
Deferred tax liabilities	
Foreign exchange gains	8
	<hr/>
Total	8
	<hr/>

6. Financial Instruments

1) Information on financial instruments

(1) Policy for financial instruments

The Company invests temporary surplus cash in safe financial instruments which carry little risk such as bank deposits and raises funds necessary for its operations through the most effective measures. In addition, the Company has policies to utilize derivatives only for hedging purposes and does not conduct any speculative transactions.

(2) Financial instruments, related risks and risk management

The loans receivables are due from subsidiaries and are exposed to credit risk in relation to relevant subsidiaries.

In accordance with credit management policies, the Company monitors the maturity date, the balance and the collection of loans receivable for each subsidiary to recognize early and minimize the uncertainty of collection arising from any degradation of the subsidiary's financial status.

The Company's maturity date generally ranges from 2 to 3 months for accounts payables, income taxes payables and deposits received.

2) Matters related to Fair Values, etc. of Financial Instruments

The carrying amount, fair value of the financial instruments and their differences as of 31 March 2021 are stated in the following table. Financial instruments whose fair values are deemed to be extremely difficult to assess, are not included in the table below (see Note 2).

(Millions of yen)			
	Carrying amount	Fair value	Differences
Financial assets			
(1) Cash and deposits	25,253	25,253	—
(2) Short-term loans receivable	14,100	14,100	—
(3) Income taxes receivable	979	979	—
Total	40,333	40,333	—
Financial liabilities			
(1) Accounts payables	47	47	—
(2) Income taxes payables	36	36	—
(3) Deposits received	24,883	24,883	—
Total	24,967	24,967	—

Note 1: Methods of calculating fair values of financial instruments

Assets

(1) Cash and deposits (2) Short-term loans receivable (3) Income taxes receivable

They are based on the relevant book values, as they are quickly settled and their fair values are close to their book values.

Liabilities

(1) Accounts payables (2) Income taxes payables (3) Deposits received

They are based on the relevant book values, as they are quickly settled and their fair values are close to their book values.

Note 2: Financial instruments whose fair values are deemed to be extremely difficult to assess

(Millions of yen)	
	Carrying amount
Stocks of subsidiaries and affiliates	76,027
Total	76,027

These financial instruments are not subject to the disclosure of fair values, as there is no market value available for these instruments and their fair values are deemed to be extremely difficult to assess.

7. NOTES TO RELATED PARTY TRANSACTIONS

Transactions with subsidiaries

(Millions of yen)

Type	Company Name	Ownership	Relationship		Transaction	Amounts	Account name	Balance
			Interlocking directors	Business relationship				
Subsidiaries	DYNAM Co., Ltd.	Directly held 100%	Present	Business Management	Funds in trust (Note 3)	—	Deposits received	20,968
					Interest expense (Note 3)	0	—	—
					Financial guarantees (Note 5)	15,000	—	—
					Management consulting fee (Note 4)	618	—	—
					Dividend income	4,557	—	—
	DYNAM Business Support Co., Ltd.	Directly held 100%	—	Business Management	Repayment of funds (Note 2)	600	Short-term loans receivable	12,000
					Income interest (Note 2)	91	Accrued income	3
					Funds in trust (Note 3)	—	Deposits received	571
					Interest expense (Note 3)	0	—	—
					Management consulting fee (Note 4)	12	—	—
					Dividend income	108	—	—
	Cabin Plaza Co., Ltd.	Directly held 100%	—	Business Management	Funds in trust (Note 3)	—	Deposits received	1,972
					Interest expense (Note 3)	0	—	—
					Management consulting fee (Note 4)	12	—	—
					Dividend income	26	—	—
	Nihon Humap Co., Ltd.	Directly held 100%	—	Business Management	Lending of funds (Note 2)	100	Short-term loans receivable	400
					Income interest (Note 2)	3	Accrued income	0
					Funds in trust (Note 3)	—	Deposits received	937
					Interest expense (Note 3)	0	—	—
					Management consulting fee (Note 4)	14	—	—
					Dividend income	105	—	—
	Yume Corporation Co., Ltd.	Directly held 100%	—	Business Management	Repayment of funds (Note 2)	3,100	Short-term loans receivable	1,600
					Income interest (Note 2)	17	Accrued income	0
					Funds in trust (Note 3)	—	Deposits received	4
					Interest expense (Note 3)	0	—	—
					Financial guarantees (Note 5)	5,000	—	—
					Management consulting fee (Note 4)	48	—	—

(Notes) Conditions of transactions and policy regarding determination of conditions of transactions

1. The amounts in the transaction are presented without consumption or local consumption taxes. The amounts in the balance are presented with consumption or local consumption taxes.
2. An interest rate on lending of funds is reasonably determined at the Board of Directors' meeting in consideration of the market interest rate.
3. The transaction amount of funds in trust is omitted since it is a short-term and recursive transaction. An interest rate thereon is reasonably determined at the Board of Directors' meeting in consideration of the market interest rate.
4. Management consulting fees are determined at the Board of Directors' meeting based on the objective standard in consideration of basic management indicators and financial capacity of subsidiaries.
5. The Company guarantees for bank borrowing of DYNAM Co., Ltd. and Yume Corporation Co., Ltd. The Company does not receive guarantee fees.

8. NOTES TO PER SHARE INFORMATION

	(Yen)
Net assets per Share	122.29
Net income per Share	5.98

9. NOTES TO SIGNIFICANT SUBSEQUENT EVENTS

Not applicable.

CERTIFIED COPY OF THE ACCOUNTING AUDITOR' REPORT

(Translation*)

INDEPENDENT AUDITOR'S REPORT

26 May 2021

To the Board of Directors of DYNAM JAPAN HOLDINGS Co., Ltd.

PricewaterhouseCoopers Aarata LLC, Tokyo office

Yoshihisa Chiyoda, CPA
Designated limited liability Partner
Engagement Partner
Naoyuki Suzuki, CPA
Designated limited liability Partner
Engagement Partner

Opinion

We have audited, pursuant to Article 436 (2) (i) of the Companies Act of Japan, the accompanying financial statements, which comprise the balance sheet, profit and loss statement, statement of changes in net assets and notes to the financial statements, and the supplementary schedules of DYNAM JAPAN HOLDINGS Co., Ltd. (hereinafter referred to as the "Company") for the 10th fiscal year from 1 April 2020 to 31 March 2021.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and its financial performance for the period covered by the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and the supplementary schedules in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit Committee for the Financial Statements and the Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan. The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the financial statements and the supplementary schedules are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

* The original audit report is in Japanese. This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

CERTIFIED COPY OF THE AUDIT COMMITTEE'S REPORT

(Translation)

AUDIT REPORT

The Audit Committee has conducted audits of the Directors and Executive Officers of the Company with regard to their performance of duties during the 10th fiscal year (1 April 2020 to 31 March 2021). A report covering the findings of the audit follows.

1. Method and Contents of Audit

The Company's Audit Committee monitored and examined the content of resolutions of the Board of Directors related to matters set forth in Article 416, Paragraph 1, Item 1 (b) and (e) of the Companies Act, as well as the structure and operational status of the Company's internal control system as set forth in the aforementioned resolutions. To this end, the Audit Committee received yearly reports from Directors, Executive Officers and employees regarding the content of the above resolutions, and where necessary, sought explanations and voiced opinions on these matters. Moreover, in accordance with its established policies and procedures and in collaboration with the divisions in charge of internal control, the Audit Committee attended important meetings, received reports on business activities from Directors and Executive Officers, sought explanations where necessary, and conducted appropriate surveys of the status of business operations and assets of the Company. The Audit Committee received business reports from subsidiaries as necessary, through communication and information sharing with the Directors and Corporate Auditors of the subsidiaries.

In addition, the Audit Committee monitored and verified whether the Accounting Auditors maintained its independence and properly conducted its audit, received a report from the Accounting Auditors on the status of their performance of duties, and requested explanations as necessary. The Audit Committee was notified by the Accounting Auditors that it had established a "system to ensure that the performance of the duties of the Accounting Auditors was properly conducted" (the matters listed in the items of Article 131 of the Ordinance on Company Accounting) in accordance with the "Quality Control Standards for Audits" (published by the Business Accounting Council on 28 October 2005), and requested explanations as necessary.

Based on the above-described methods, the Audit Committee examined the Business Report and the accompanying supplementary schedules, the Financial Statements (balance sheet, statement of profit or loss, statement of changes in net assets, and notes to financial statements) and the accompanying supplementary schedules for the fiscal year under review.

2. Results of Audit

(1) Results of Audit of Business Report, etc.

- (i) We acknowledge that the Business Report and the accompanying supplementary schedules fairly present the status of the Company in conformity with the applicable laws, regulations, and the Articles of Incorporation.

- (ii) We acknowledge that no misconduct or material fact constituting a violation of laws, regulations, or the Articles of Incorporation was found with respect to the Directors and Executive Officers' performance of their duties.
 - (iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter in the Business Report or the Directors and Executive Officers' performance of their duties concerning the internal control systems that requiring mentioning.
- (2) Results of Audit of the Financial Statements and the Accompanying Supplementary Schedules

We acknowledge that the methods and results of audit performed by the Accounting Auditor, PricewaterhouseCoopers Aarata LLC, are appropriate.

26 May 2021

Audit Committee of
DYNAM JAPAN HOLDINGS Co., Ltd.

Chairman of Audit Committee	Kiyohito Kanda (Seal)
Member of Audit Committee	Thomas Chun Kee Yip (Seal)
Member of Audit Committee	Koji Kato(Seal)

(Note) Members of Audit Committee, Messrs. Kiyohito Kanda, Thomas Chun Kee Yip and Koji Kato are Outside Directors as prescribed under Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(As of 31 March 2021)

(Millions of yen)

Item	Amount
(Assets)	
Non-current assets	
Property, plant and equipment	96,415
Right-of-use assets	77,537
Investment properties	2,619
Intangible assets	3,348
Financial assets measured at fair value through other comprehensive income	3,405
Lease receivables	5,275
Deferred tax assets	13,412
Other non-current assets	7,272
Total non-current assets	209,283
Current assets	
Inventories	5,080
Trade receivables	361
Lease receivables	2,007
Prizes in operation of pachinko halls	3,685
Income taxes receivable	3,172
Other current assets	2,824
Cash and cash equivalents	74,661
Total current assets	91,790
Total assets	301,073

(Reference Materials)
DYNAM JAPAN HOLDINGS Co., Ltd.
Non-audited consolidated financial statements (IFRS)

(Millions of yen)

Item	Amount
(Liabilities)	
Current liabilities	
Trade and other payables	19,997
Borrowings	11,380
Lease payables	12,040
Provisions	1,653
Income taxes payables	6,215
Other current liabilities	8,527
	<hr/>
Total current liabilities	59,812
	<hr/>
Non-current liabilities	
Deferred tax liabilities	56
Borrowings	22,587
Lease payables	79,899
Other non-current liabilities	1,150
Provisions	5,597
	<hr/>
Total non-current liabilities	109,289
	<hr/>
Total liabilities	169,101
	<hr/>
(Equity)	
Share capital	15,000
Capital reserve	11,304
Retained earnings	107,104
Other component of equity	(1,403)
	<hr/>
Equity attributable to owners of the Company	132,005
Non-controlling interests	(33)
	<hr/>
Total equity	131,972
	<hr/>
Total liabilities and equity	301,073
	<hr/> <hr/>

(Reference Materials)
DYNAM JAPAN HOLDINGS Co., Ltd.
Non-audited consolidated financial statements (IFRS)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(From 1 April 2020 to 31 March 2021)

	(Millions of yen)
Item	Amount
Revenue	98,602
Hall operating expenses	(97,564)
General and administrative expenses	(4,340)
Other income	11,561
Other operating expenses	(1,531)
	<hr/>
Operating profit	6,728
Finance income	286
Finance expenses	(2,672)
	<hr/>
Profit before income tax	4,342
Income taxes	(1,991)
	<hr/>
Net profit for the year	2,351
	<hr style="border-top: 3px double black;"/>
Net profit attributable to:	
Owners of the Company	2,363
Non-controlling interests	(12)
	<hr/>
Net profit	2,351
	<hr style="border-top: 3px double black;"/>

(Reference Materials)
DYNAM JAPAN HOLDINGS Co., Ltd.
Non-audited consolidated financial statements (IFRS)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(From 1 April 2020 to 31 March 2021)

(Millions of yen)

	Attributable to equity holders of the Company					
	Share Capital	Capital reserve	Treasury shares	Retained earnings	Other component of equity	
					Fair value of financial assets at FRVTOCI	Foreign currency translation reserve
At 1 April 2020	15,000	12,741	-	109,317	(3,400)	1,090
Profit for the year	-	-	-	2,363	-	-
Other comprehensive income for the year	-	-	-	-	493	409
Total comprehensive income for the year	-	-	-	2,363	493	409
Acquisition of treasury shares	-	-	(1,437)	-	-	-
Cancellation of treasury shares	-	(1,437)	1,437	-	-	-
2021 dividend	-	-	-	(4,576)	-	-
Total changes in equity for the year	-	(1,437)	-	(2,213)	493	409
At 31 March 2021	15,000	11,304	-	107,104	(2,907)	1,499

	Attributable to equity holders of the Company			Non-controlling interest	Total equity
	Other component of equity		Total		
	Other reserves	Total			
At 1 April 2020	5	(2,305)	134,753	(21)	134,732
Profit for the year	-	-	2,363	(12)	2,351
Other comprehensive income for the year	-	902	902	(0)	902
Total comprehensive income for the year	-	902	3,265	(12)	3,253
Acquisition of treasury shares	-	-	(1,437)	-	(1,437)
Cancellation of treasury shares	-	-	-	-	-
2021 dividend	-	-	(4,576)	-	(4,576)
Total changes in equity for the year	-	902	(2,748)	(12)	(2,760)
At 31 March 2021	5	(1,403)	132,005	(33)	131,972

Other Matters

1) SCOPE OF CONSOLIDATION

Number of Consolidated Subsidiaries and Name of Main Consolidated Subsidiaries

Number of Consolidated Subsidiaries	22
Name of Main Consolidated Subsidiaries	DYNAM Co., LTD., CABIN PLAZA Co., Ltd., Yume Corporation Co., Ltd., DYNAM BUSINESS SUPPORT Co., Ltd., Nihon Humap Co., Ltd., DYNAM Hong Kong Co., Ltd. and Dynam Aviation Ireland Limited.

2) SUMMARY OF ACCOUNTING POLICIES

(1) Basis of preparation of the consolidated financial statements

The Company presents the accompanying International Financial Reporting Standards ("IFRS") based consolidated financial statements for reference only, and this information does not comprise any contents of statutory disclosure under Companies Act of Japan.

The accompanying consolidated financial statements comprise consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of changes in equity for the fiscal year ended 31 March 2021 which are prepared in accordance with IFRS, and are not complete set of consolidated financial statements.

In addition, neither external audit nor review by independent auditors has been conducted.

The accompanying consolidated financial statements are stated in the Company's functional currency, Japanese Yen, and unless otherwise stated, all financial information presented in million yen.

(2) Adoption of new and revised international financial reporting standards

The following new standards and amendments have been issued and effective for annual periods beginning on 1 April 2020, with no material impact on the Group's results of operations and financial position:

- IFRS 3 (Amendment), 'Business Combinations'
- IAS 1 (Amendment), 'Presentation of Financial Statements'
- IAS 8 (Amendment), 'Accounting Policies, Changes in Accounting Estimates and Errors'

APPENDIX II

REFERENCE MATERIALS FOR THE 10TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

1. First Resolution: General Mandate to Allot, Issue and Deal in Shares (Ordinary Resolution)

“**THAT:** a general unconditional mandate be and is hereby granted to the Board authorizing it to exercise all the powers of the Company during the Relevant Period (as defined below) to, subject to the requirements under the Listing Rules and/or all applicable laws and regulations in Hong Kong and Japan from time to time, allot, issue and deal in Shares or securities convertible into Shares and to make an offer or agreement or grant an option which would or might require such Shares to be allotted and issued, whether during the continuance of such mandate or thereafter (other than pursuant to an offer made to the Shareholders pro-rata (apart from fractional entitlements) to their existing shareholding, or under any arrangement adopted for the grant or issue of stock acquisition rights), provided that the aggregate number of the Shares allotted or agreed conditionally or unconditionally to be allotted under such mandate shall not exceed 20% of the aggregate number of Shares issued by the Company as at the date of this resolution, such mandate to remain in effect during the Relevant Period (as defined below).

“Relevant Period” for the first resolution means the period from the passing of this resolution until the earliest of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of this resolution;
- (ii) the expiration of a 12-month period following the passing of this resolution; or
- (iii) the date on which the authority set out in this resolution is revoked or varied by a special resolution at a general meeting.”

2. Second Resolution: General Mandate to Repurchase Shares (Ordinary Resolution)

“**THAT:** subject to and in accordance with all applicable laws and ordinances in Japan and Hong Kong and the requirements of the Listing Rules, a general unconditional mandate be and is hereby given to the Board authorizing it to exercise all powers during the Relevant Period (as defined below) for and on behalf of the Company to repurchase Shares on the Stock Exchange. However, the aggregate number of the Shares that could be repurchased by the Company pursuant to the aforementioned mandate shall not exceed 10% of the aggregate number of Shares issued by the Company as at the date of passing of this resolution.

Please note that the aforementioned mandate shall be effective only during the Relevant Period (as defined below).

“Relevant Period” for the second resolution means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company unless the authority is renewed either unconditionally or subject to conditions by the passing of the ordinary resolution at the said meeting; or
- (ii) the passing of the ordinary resolution revoking, varying or renewing such mandate at a general meeting.”

(Notes)

- (1) Please refer to the attached document entitled “Explanatory Statement” in APPENDIX III for the summary of important provisions of the Listing Rules with respect to the repurchase of Shares.
- (2) The original of the attached document entitled “Explanatory Statement” in APPENDIX III was made in English and the enclosed Japanese version is just a translation thereof. In case of any discrepancies between the English original version and the Japanese translation, the English original version shall prevail.

3. Third Resolution: Proposed Election of Nine (9) Directors (Ordinary Resolution)

The term of office of all nine (9) current Directors will expire as of the end of this Meeting. Accordingly, the Company proposes that nine (9) Directors be elected based on the decisions by the Nomination Committee.

The details of Director candidates are as follows.

Candidate Number	Name	Position and Area of Responsibilities in the Company
1	Mr. Makoto SAKAMOTO	Executive Director, Chairman of the Board, Re-appointment President, Chief Executive Officer, Member of Nomination Committee and Member of Remuneration Committee
2	Mr. Yoji SATO	Non-executive Director and Senior Corporate Re-appointment Advisor
3	Mr. Kohei SATO	Non-executive Director and Corporate Advisor Re-appointment
4	Mr. Akira HOSAKA	Non-executive Director Re-appointment
5	Mr. Mitsutoshi KATO	Independent Non-executive Director, Chairman of Re-appointment Nomination Committee and Chairman of Outside Director Remuneration Committee
6	Mr. Thomas Chun Kee YIP	Independent Non-executive Director and Member Re-appointment of Audit Committee Outside Director
7	Mr. Kei MURAYAMA	Independent Non-executive Director, Member of Re-appointment Nomination Committee and Member of Outside Director Remuneration Committee
8	Mr. Kiyohito KANDA	Independent Non-executive Director and Re-appointment Chairman of Audit Committee Outside Director
9	Mr. Koji KATO	Independent Non-executive Director and Member Re-appointment of Audit Committee Outside Director

Re-appointment Candidate for Director to be re-appointed

Outside Director Candidate for outside Director

Candidate number 1	Makoto SAKAMOTO re-appointment
Current Position and Responsibilities in the Company Executive Director Chairman of the Board President Chief Executive Officer Member of Nomination Committee Member of Remuneration Committee Activities at Board and Committees Board 100% (10/10) Nomination Committee 100% (2/2) Remuneration Committee 100% (3/3) Number of Shares Beneficially Owned 22,000 Date of Birth 18 January 1957	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices April 1980 Joined The Daiel Inc. September 2000 Joined Big Boy Japan Co., Ltd. November 2002 Joined Central Services System Co., Ltd. May 2003 Joined Japan Sportsvision Co., Ltd. February 2004 Joined DYNAM Co., Ltd. September 2006 Corporate Executive Officer and Head of the Personnel Department of DYNAM Co., Ltd. June 2011 Director of DYNAM Co., Ltd. June 2013 Managing Director of DYNAM Co., Ltd. September 2013 Executive Officer of the Company April 2020 President and Chief Executive Officer of the Company June 2020 Director of DYNAM Co., Ltd. (present) June 2020 Executive Director, Chairman of the Board, President and Chief Executive Officer of the Company (present)
Candidate number 2	Yoji SATO re-appointment
Current Position and Responsibilities in the Company Non-executive Director Senior Corporate Advisor Activities at Board and Committees Board 100% (13/13) Number of Shares Beneficially Owned 0 Date of Birth 24 September 1945	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices January 1970 Joined Sawa Shoji Co., Ltd. (now called DYNAM Co., Ltd.) September 1978 President and Representative Director of Sawa Shoji Co., Ltd. June 2000 Chairman and Representative Director of DYNAM Co., Ltd. April 2003 President and Representative Director of Dynam Investment Co., Ltd. (now called Nihon Humap Co., Ltd.) March 2007 Director, President and CEO of DYNAM Holdings Co., Ltd. December 2009 Representative Chairman of One Asia Foundation (now called Eurasia Foundation (from Asia)) (present) September 2011 Executive Director, President and CEO of the Company January 2013 Director and CEO of Dynam Hong Kong Co., Limited June 2013 Executive Director and Chairman of the Board of the Company June 2015 Director of Dynam Hong Kong Co., Limited (present) June 2015 Executive Director and Senior Corporate Advisor of the Company June 2016 Non-executive Director and Senior Corporate Advisor of the Company (present)
Candidate number 3	Kohei SATO re-appointment
Current Position and Responsibilities in the Company Non-executive Director Corporate Advisor Activities at Board and Committees Board 100% (13/13) Number of Shares Beneficially Owned 53,639,680 Date of Birth 26 November 1954	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices March 1983 Joined Takeda Riken Industry Co., Ltd. (now called Advantest Corporation) June 1985 Joined Kodak Co., Ltd. June 1995 Joined DYNAM Co., Ltd. June 1998 Director of DYNAM Co., Ltd. June 2000 President and Representative Director of DYNAM Co., Ltd. January 2013 CEO of the Company June 2013 President and CEO of the Company June 2014 Executive Director, President and CEO of the Company June 2015 Chairman of the Board of DYNAM Co., Ltd. June 2015 Director and CEO of Dynam Hong Kong Co., Limited June 2015 Executive Director, Chairman of the Board, CEO and President of the Company April 2020 Non-executive Director and Corporate Advisor of the Company (present)
Candidate number 4	Akira HOSAKA re-appointment
Current Position and Responsibilities in the Company Non-executive Director Activities at Board and Committees Board 100% (10/10) Number of Shares Beneficially Owned 78,121 Date of Birth 6 October 1972	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices April 1995 Joined DYNAM Co., Ltd. March 2008 Zone Manager of Niigata zone of DYNAM Co., Ltd. May 2016 Head of Corporate Management Department of DYNAM Co., Ltd. June 2017 Director of DYNAM Co., Ltd. June 2020 Representative Director and President of DYNAM Co., Ltd. (present) June 2020 Non-executive Director of the Company (present)

Candidate number 5 | **Mitsutoshi KATO** re-appointment

Current Position and Responsibilities in the Company	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices	
Independent Non-executive Director	April 1982	Joined The Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.)
Chairman of Nomination Committee	April 1988	Seconded to Kincheng-Tokyo Finance Company Limited
Chairman of Remuneration Committee	March 1990	Joined Banque Indosuez (currently Credit Agricole Corporate and Investment Bank)
Activities at Board and Committees	April 1991	Vice President of Banque Indosuez, Tokyo Branch
Board 100% (13/13)	January 2005	Statutory Auditor of ECO-MATERIAL CORPORATION
Nomination Committee 100% (5/5)	December 2006	Director and CFO of ECO-MATERIAL CORPORATION
Remuneration Committee 100% (6/6)	February 2012	Representative Director and CFO of ECO-MATERIAL CORPORATION (present)
Number of Shares Beneficially Owned	February 2012	Independent Non-executive Director of the Company (present)
0		
Date of Birth		
20 March 1958		

(Reasons for nomination as candidate for Outside Director)

Mr. Mitsutoshi KATO has been nominated as candidate for Outside Director as he has a wealth of experience in company management and extensive knowledge and sophisticated insight in the area of management. He is expected, after his appointment, to voice his opinions at the meetings of the Board, etc. mainly from the perspective of the management, and to supervise the management taking advantage of his knowledge, experience and insight as corporate executive. He is currently serving as Outside Director and will have served in that capacity for nine (9) years and three (3) months as of the conclusion of this Meeting.

Candidate number 6 | **Thomas Chun Kee YIP** re-appointment

Current Position and Responsibilities in the Company	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices	
Independent Non-executive Director	May 1984	Joined Touche Ross & Co. Hong Kong
Member of Audit Committee	January 1986	Joined Price Waterhouse, Sydney Office
Activities at Board and Committees	December 1988	Price Waterhouse, Hong Kong Office
Board 100% (13/13)	July 1994	Senior Audit Manager of Price Waterhouse
Audit Committee 100% (16/16)	January 2002	Joined CCIF CPA Limited
Number of Shares Beneficially Owned	October 2003	Practicing Director of CCIF CPA Ltd
0	March 2008	Joined AIP Partners C.P.A. Limited, Practicing Director (present)
Date of Birth	February 2012	Independent Non-executive Director of the Company (present)
22 March 1961		

(Reasons for nomination as candidate for Outside Director)

Mr. Thomas Chun Kee YIP has been nominated as candidate for Outside Director, as he has a wealth of experience and extensive knowledge and sophisticated insight as an expert in the area of tax and accounting. He is expected, after his appointment, to voice his opinions at the meetings of the Board, etc. about Hong Kong law and internal control mainly from the perspective of tax and accounting, and to supervise the management taking advantage of his knowledge and experience as a Hong Kong CPA and tax advisor. He is currently serving as Outside Director and will have served in that capacity for nine (9) years and three (3) months as of the conclusion of this Meeting.

Candidate number 7 | **Kei MURAYAMA** re-appointment

Current Position and Responsibilities in the Company	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices	
Independent Non-executive Director	April 1978	Joined SWANY Corporation
Member of Nomination Committee	March 1986	Joined Lawson Japan, Inc.(now called Lawson, Inc.)(TSE:2651)
Member of Remuneration Committee	March 1996	Senior Manager for Labor Administration, Tokyo Head Office of Lawson, Inc.
Activities at Board and Committees	March 2007	General Manager, Personnel and Training Division of Lawson, Inc.
Board 100% (13/13)	March 2009	Corporate Executive Officer of Lawson, Inc.
Nomination Committee 100% (5/5)	March 2015	Executive Adviser for Personnel Matters of Lawson, Inc.
Remuneration Committee 100% (6/6)	June 2015	Independent Non-executive Director of the Company (present)
Number of Shares Beneficially Owned	July 2019	Non-executive Adviser for Personnel Matters of Lawson, Inc. (present)
0		
Date of Birth		
13 July 1954		

(Reasons for nomination as candidate for Outside Director)

Mr. Kei MURAYAMA has been nominated as candidate for Outside Director, as he has a wealth of experience and extensive knowledge and deep insights in the area of distribution industry. He is expected to voice opinions at the meetings of the Board, etc. mainly from the perspective of the management, and to supervise the management, taking advantage of his knowledge and experience in the chain store management in the convenience store industry. He is currently serving as Outside Director and will have served in that capacity for six (6) years as of the conclusion of this Meeting.

Candidate number 8 | **Kiyohito KANDA** re-appointment

Current Position and Responsibilities in the Company	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices	
Independent Non-executive Director	October 1991	Joined Yamaichi Securities Company, Limited
Chairman of Audit Committee	December 1993	Registered as Tax Accountant
Activities at Board and Committees	July 1995	Established Kanda Kiyohito Tax Accountant Office (present)
Board 100% (13/13)	May 1998	Instructor, Training Center of the Board of Audit of Japan (present)
Audit Committee 100% (16/16)	April 2011	Part-time teacher, Faculty of Business Administration, Mejiro University
Number of Shares Beneficially Owned		Independent Non-executive Director of the Company (present)
0		Teacher, Local Autonomy College (present)
Date of Birth	June 2017	
7 October 1964	April 2019	

(Reasons for nomination as candidate for Outside Director)

Mr. Kiyohito KANDA has been nominated as candidate for Outside Director, as he has a wealth of experience and extensive knowledge and deep insights as an expert in the area of tax and accounting. He is expected, after his appointment, to voice his opinions about internal control at the meetings of the Board, etc. mainly from the perspective of tax and accounting and to supervise the management, taking advantage of his expert knowledge and experience as a tax accountant. He is currently serving as Outside Director and will have served in that capacity for four (4) years as of the conclusion of this Meeting.

Candidate number 9 | **Koji KATO** re-appointment

Current Position and Responsibilities in the Company	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices	
Independent Non-executive Director	April 1994	Registered as Attorney-at-Law; Joined Ishii Law Office
Member of Audit Committee	April 1997	Joined Okamura Law Office
Activities at Board and Committees	November 2001	Passed the bar of the State of New York
Board 100% (10/10)	May 2002	Joined Land of Lincoln Legal Foundation (State of Illinois)
Audit Committee 100% (12/12)	August 2002	Joined Steptoe & Johnson LLP (Washington D.C.)
Number of Shares Beneficially Owned	October 2004	Partner of Okamura Law Office (present)
0	June 2020	Independent Non-executive Director of the Company (present)
Date of Birth		
17 January 1968		

(Reasons for nomination as candidate for Outside Director)

Mr. Koji KATO has been nominated as candidate for Outside Director, as he has a wealth of experience and extensive knowledge and deep insights as an expert in the area of law. He is expected, after his appointment, to voice his opinions about internal control at the meetings of the Board, etc. mainly from the legal perspective, taking advantage of his expert knowledge and experience as an attorney-at-law. He is currently serving as Outside Director and will have served in that capacity for one (1) year as of the conclusion of this Meeting.

(Notes)

1. Save as the interest disclosed above, each candidate has no special interest in the Company.
2. Reasons for the appointment of Outside Directors

The Company is a “Company with Committees”. A Company with Committees is an organizational framework in which the management supervision function and business execution function are clearly separated, so that both perform effectively. Under this framework, the Board specializes in management supervision, along with the 3 committees whose membership comprises a majority of the Outside Directors. These committees are the Nomination Committee, the Audit Committee and the Remuneration Committee, which were established to replace the conventional Auditors system to pursue enhanced management transparency, while Executive Officers are appointed as management personnel dedicated to perform the function of business execution. As is the case with a typical company with Committees in need of appointing a number of Outside Directors to operate the framework as described above, the Company proposes to elect five (5) Outside Directors with the aim of further strengthening the function of the Board.

3. Contracts for limitation of liability with Outside Directors

Not applicable.

4. Directors and Officers Liability Insurance

The Company has entered into with an insurance company the liability insurance contract under which the Directors and Executive Officers are the insureds. Such insurance contract covers the statutory damages and the damage for litigation costs that the insureds may suffer from possible claims for damages against them. When the selection of each candidate is approved, each will be the insured of such insurance contract.

4. Fourth Resolution: Proposed Election of an Auditor pursuant to the Listing Rules (Ordinary Resolution)

PricewaterhouseCoopers Aarata LLC ("PwC Aarata"), the current Auditor of the Company pursuant to Rule 13.88 of the Listing Rules, will retire upon the expiration of its current term of office with effect from the conclusion of the Meeting. Accordingly, the election of a candidate is newly proposed.

Details of a candidate are as follows:

(As of 31 March 2021)

Name	PricewaterhouseCoopers Aarata LLC	
Principal Office	1-1-1 Otemachi, Chiyoda-ku, Tokyo, Japan	
History	June 2006:	Establishment of PwC Aarata
	July 2006:	Commencement of operations
	July 2015:	Changed the corporate name in Japanese from "Aarata Kansa Hojin" to "PwC Aarata Kansa Hojin"
	July 2016:	Converted to a limited liability audit corporation and changed the corporate name to "PwC Aarata Yugen Sekinin Kansa Hojin (PwC あらた有限責任監査法人)" (English name: PricewaterhouseCoopers Aarata LLC)
Capital	1,000 million yen	
Staffing	Partners	168
	Certified Public Accountants ("CPAs")	908
	Assistant CPAs	602
	US CPAs and other professionals	1,225
	Clerks	133
	Total	3,036

This resolution is proposed based on the recommendation of the Audit Committee.

5. RECOMMENDATION

The Directors are of the opinion that the general mandate to allot, issue and deal in Shares, the general mandate to repurchase Shares, the proposed election of the Director candidates and the proposed election of an Auditor pursuant to the Listing Rules as detailed in the sections above and Appendix III are in the best interests of the Company and the Shareholders as a whole. Accordingly, they recommend the Shareholders to vote in favour of the First, Second, Third and Fourth Resolutions, as set out in the Notice.

APPENDIX III

EXPLANATORY STATEMENT

This is an explanatory statement given to all the shareholders (the “Shareholders”) of DYNAM JAPAN HOLDINGS Co., Ltd. (the “Company”) relating to a proposed ordinary resolution to grant to the directors of the Company (the “Directors”) a general mandate (the “Repurchase Mandate”) to repurchase the shares of the Company (the “Shares”) to be passed by the Shareholders at the 10th annual general meeting of the Company (the “AGM”) to be held on 24 June 2021.

This explanatory statement contains the information required to be given to all the Shareholders pursuant to Rule 10.06(1)(b) of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) concerning the repurchase by the Company of its own Shares.

- (1) All repurchases of Shares by the Company must be approved in advance by an ordinary resolution of the general meeting of the Company either by way of a general mandate or by a specific approval to the Directors.
- (2) On the date of this document, 752,701,296 ordinary Shares are in issue and fully paid. Assuming there will be no changes from the date of this document to the date of the AGM in number of the Company's issued and fully paid Shares and subject to the passing of the said proposed ordinary resolution, exercise in full of the Repurchase Mandate would result in up to 75,270,129 ordinary Shares being repurchased by the Company during the period up to the earliest of: (i) the conclusion of the next annual general meeting of the Company; and (ii) the revocation or variation or renewal of the Repurchase Mandate by an ordinary resolution of the Shareholders in a general meeting of the Company.

Under the Listing Rules, Shares proposed to be repurchased by the Company must be fully paid up. The total number of Shares which the Company is authorized to repurchase shall not exceed ten percent (10%) of the total number of Shares issued by the Company as at the date of the AGM. The Company may not issue or announce an issue of new Shares for a period of 30 days immediately following a repurchase of Shares, whether on the Stock Exchange or otherwise (other than an issue of Shares pursuant to an exercise of warrants, share options or similar instruments requiring the Company to issue Shares which were outstanding prior to such repurchase), without the prior approval of the Stock Exchange. In addition, the Company shall not repurchase the Shares if the purchase price is higher by five percent (5%) or more than the average closing market price for the five preceding trading days on which the Shares were traded on the Stock Exchange. The Listing Rules also prohibit the Company from making repurchases of its own Shares on the Stock Exchange if the repurchase would result in the number of the Shares which are in the hands of the public falling below the relevant prescribed minimum percentage for the Company (as determined by the Stock Exchange at the time of the listing of the Shares), which is currently 20.9%, subject to the exercise of discretion by the Stock Exchange under Rule 8.08(1)(b) of the Listing Rules.

The Listing Rules further prohibit the Company from purchasing its own Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange prevailing from time to time.

The Company shall procure that any broker appointed by it to effect the purchase of its Shares shall disclose to the Stock Exchange such information with respect to purchases made on behalf of the Company as the Stock Exchange may request.

- (3) The Directors believe that it is in the best interests of the Company and the Shareholders for the Directors to have a general authority from the Shareholders to enable the Company to repurchase Shares in the market. Repurchases of Shares will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and its assets and/or its earnings per Share. If the Directors believe that the Shares have been trading at a level which significantly undervalues the Company's underlying value, the grant of the Repurchase Mandate will authorize the Directors to exercise the Repurchase Mandate whenever necessary. Since the Directors are committed to actively managing the Company's capital, the Directors believe that the exercise of the Repurchase Mandate (whenever necessary) would create capital management benefits to the Shareholders. The Directors also believe that the Company's strong financial position will enable it to conduct the exercise of the Repurchase Mandate with its own resources while maintaining sufficient financial resources for the continued growth of the Company's operations.
- (4) In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the articles of incorporation of the Company (the "Articles") and the applicable laws of Japan. Repurchases will be made out of funds of the Company legally permitted to be utilized in this connection.
- (5) The Directors, in their opinion, may from time to time when they consider to be appropriate for the Company, not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital or gearing position of the Company, which in the opinion of the Directors, are from time to time appropriate for the Company. However, there might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated financial statements of the Company for the year ended 31 March 2021 contained in the published annual report of the Company) in the event that the Repurchase Mandate is exercised in full.
- (6) None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), has any present intention, if the Repurchase Mandate is approved by the Shareholders, to sell any Shares to the Company or its subsidiaries.
- (7) The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of Japan and the Articles.
- (8) If, as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers issued by the Securities and Futures Commission (the "Takeovers Code"). Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase

in the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of a repurchase of Shares.

As of the date of this document, to the best knowledge and belief of the Company, in the event that the Directors shall exercise in full the Repurchase Mandate, the total interests of the persons as recorded in the register required to be kept by the Company pursuant to section 336 of the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong) would be increased, however, such increase will not give rise to an obligation to make a mandatory general offer under Rule 26 of the Takeovers Code and will not reduce the number of Shares held by the public to less than 20.9%.

Save as aforesaid, the Directors are not aware of any other consequences which may arise under the Takeovers Code as a consequence of any repurchases made pursuant to the Repurchase Mandate.

- (9) The Company conducted repurchase of Shares in the previous six months as below.

Date	Number of Shares Repurchased	Price per Share (HK\$)	
		Highest	Lowest
19/1/2021	162,600	7.75	7.70
20/1/2021	8,600	7.75	7.75
21/1/2021	52,000	7.75	7.74
22/1/2021	200,000	7.75	7.75
25/1/2021	543,800	7.75	7.57
26/1/2021	224,000	7.76	7.74
27/1/2021	293,600	7.76	7.75
28/1/2021	236,600	7.76	7.70
29/1/2021	320,800	7.76	7.73
1/2/2021	141,400	7.77	7.76
2/2/2021	50,200	7.77	7.76
3/2/2021	98,600	7.78	7.77
4/2/2021	115,200	7.79	7.78
5/2/2021	31,800	7.80	7.80
8/2/2021	50,200	7.81	7.81
9/2/2021	61,200	7.82	7.81
10/2/2021	85,400	7.83	7.83
11/2/2021	37,600	7.84	7.84
16/2/2021	26,400	7.85	7.85
17/2/2021	106,400	7.86	7.85
18/2/2021	94,600	7.88	7.87
19/2/2021	84,200	7.90	7.89
26/2/2021	337,000	8.00	7.98
1/3/2021	93,200	8.00	7.99
2/3/2021	208,400	8.00	7.98
3/3/2021	185,600	8.00	8.00
4/3/2021	267,800	8.00	7.99
5/3/2021	186,400	7.90	7.90
8/3/2021	80,000	7.80	7.80

9/3/2021	21,200	7.80	7.80
11/3/2021	382,800	7.80	7.77
12/3/2021	129,800	7.80	7.79
15/3/2021	130,000	7.80	7.80
16/3/2021	218,200	7.80	7.79
17/3/2021	227,200	7.80	7.79
18/3/2021	69,400	7.80	7.80
19/3/2021	426,200	7.80	7.76
22/3/2021	139,200	7.80	7.80
23/3/2021	170,000	7.80	7.68
24/3/2021	4,600	7.75	7.62

- (10) The Listing Rules prohibit the Company from knowingly repurchasing its Shares on the Stock Exchange from a core connected person (as defined under the Listing Rules), that is, a director, chief executive or substantial Shareholder of the Company or any of its subsidiaries or their respective close associates (as defined in the Listing Rules), and a core connected person (as defined under the Listing Rules) shall not knowingly sell Shares to the Company on the Stock Exchange.

No core connected person (as defined in the Listing Rules) of the Company has notified the Company that he or she or it has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

- (11) The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months were as follows:

	Price per Share (HK\$)	
	Highest	Lowest
2020		
May	8.17	7.10
June	7.79	6.82
July	7.30	5.49
August	9.10	6.30
September	8.42	7.56
October	8.45	7.90
November	8.39	7.86
December	8.39	7.78
2021		
January	7.99	7.57
February	8.53	7.76
March	8.08	7.40
April	7.70	6.90
May (up to 26 May 2021 [#])	7.21	6.85

[#] Being the latest practicable date prior to the printing of this convocation notice

General

The Listing Rules provide that the listing of all repurchased Shares (whether on the Stock Exchange or otherwise) shall be automatically cancelled upon repurchase and the certificates of such repurchased Shares must be cancelled and destroyed as soon as reasonably practicable following settlement of any such repurchase. Under the Articles, the Company shall without delay

cancel any treasury Shares acquired by the Company through the resolution of the Board or decision of executive officer(s) of the Company authorized by the Board, if such cancellation is required under the Listing Rules. Hence, in compliance with Rule 10.06(5) of the Listing Rules, the listing of all repurchased Shares (whether effected on the Stock Exchange or otherwise) will be cancelled without undue delay and the certificates for those securities will be cancelled and destroyed. The issued share capital of the Company shall also be reduced accordingly.

The Listing Rules provide that the Company shall not purchase its Shares on the Stock Exchange at any time while in possession of inside information until the inside information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for an announcement of the Company's annual or interim results under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, the Company may not purchase its Shares on the Stock Exchange unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit the Company to purchase its Shares on the Stock Exchange if it has breached the Listing Rules.

Under the Listing Rules, certain information on the repurchases of Shares (whether on the Stock Exchange or otherwise) must be submitted for publication on the Stock Exchange through HKEx-EPS (as defined in the Listing Rules) not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following any day on which the Company makes a repurchase of Shares. In addition, the Company shall include in its annual report and accounts details regarding repurchases of Shares made during the financial year under review, including the number of Shares repurchased each month (whether on the Stock Exchange or otherwise), the purchase price per Share or the highest and lowest price paid by the Company for all such repurchases (where relevant) and the aggregate price paid by the Company for such repurchases. The Directors' report is also required to contain reference to the repurchases made during the year and the Directors' reasons for making such repurchases.

APPENDIX IV

SUPPLEMENTAL INFORMATION ON THE THIRD RESOLUTION: Proposed Election of Nine (9) Directors (Ordinary Resolution)

ELECTION OF DIRECTORS

As stated in Part 3 of Appendix II, the following candidates (the “Candidates”) are recommended by the Nomination Committee of the Board to be, subject to Shareholders’ approval, elected as Directors:

Mr. Makoto SAKAMOTO
Mr. Yoji SATO
Mr. Kohei SATO
Mr. Akira HOSAKA
Mr. Mitsutoshi KATO
Mr. Thomas Chun Kee YIP
Mr. Kei MURAYAMA
Mr. Kiyohito KANDA
Mr. Koji KATO

The Board wishes to supply the following additional information relating to the Candidates pursuant to Rule 13.51(2) of the Listing Rules to enable the Shareholders to make an informed decision on the election. This additional information should be read in conjunction with those provided in Part 3 of Appendix II.

Length of service

The Candidates, if elected as Directors at the Meeting, will hold office with immediate effect until the close of the next annual general meeting of the Shareholders to be held in 2022. The length of service of the Candidates with the Company shall be one year.

Proposed remuneration

Pursuant to Rule 13.51(2)(g) of the Listing Rules, the proposed annual remuneration of the Candidates is set out below:

Mr. Makoto SAKAMOTO	¥29,724,000
Mr. Yoji SATO	¥6,300,000
Mr. Kohei SATO	¥12,000,000
Mr. Akira HOSAKA	¥29,724,000
Mr. Mitsutoshi KATO	¥8,400,000
Mr. Thomas Chun Kee YIP	¥6,000,000
Mr. Kei MURAYAMA	¥6,000,000
Mr. Kiyohito KANDA	¥7,200,000
Mr. Koji KATO	¥6,000,000

The proposed remuneration set out above is conditional upon the election of the Candidates as Directors at the Meeting.

Relationship with Directors, senior management, substantial Shareholders and/or controlling Shareholders

The Candidates have no financial, business, family or other material/relevant relationships with each other, except that each of Mr. Yoji SATO and Mr. Kohei SATO is a controlling Shareholder and these two persons are brothers. In addition, each of the Sato Family Members (as defined hereinafter) is a controlling Shareholder and a family member of Mr. Yoji SATO.

Interests in the Company and/or associated corporations of the Company

As at the date of the Notice, the interests and short positions of the Candidates of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or would be required, pursuant to section 352 of the SFO, to be entered in the register referred to there in, or would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), are as follows:

(i) Interests in the Company

Name of Candidate	Nature of Interest	Number of Shares of the Company⁽¹⁾	Approximate Percentage of Interest in the Company⁽²⁾
Mr. Yoji SATO	Interest in controlled corporation ⁽³⁾	273,632,560	59.095%
	Interest in spouse ⁽³⁾	760	
	Other ⁽⁴⁾	171,171,800	
		<u>444,805,120</u>	
Mr. Kohei SATO	Beneficial owner ⁽⁵⁾	53,639,680	59.095%
	Interest in spouse ⁽⁵⁾	1,500,000	
	Other ⁽⁴⁾	389,665,440	
		<u>444,805,120</u>	
Mr. Makoto SAKAMOTO	Beneficial owner	22,000	0.003%
Mr. Akira HOSAKA	Beneficial owner	78,121	0.010%

Notes:

(1) All interests stated are long positions.

(2) There were 752,701,296 Shares in issue as at the date of this Notice.

(3) Out of the total 273,632,560 Shares, SATO AVIATION CAPITAL LIMITED (“SAC”), which is wholly owned and controlled by Mr. Yoji SATO, is beneficially interested in 177,822,560 Shares. Rich-O Co., Ltd. (“Rich-O”) is beneficially interested in remaining 95,810,000 Shares and is owned as to 79.45% by SAC, 4.82% by Mr. Yoji SATO and 15.73% by Eurasia Foundation (from Asia) Limited which is also wholly owned by Mr.

Yoji SATO. Therefore, each of SAC and Rich-O is directly or indirectly controlled by Mr. Yoji SATO and the interests in the Company held by SAC and Rich-O are deemed to be Mr. Yoji SATO's interests under the SFO. Mrs. Keiko SATO, his wife, is beneficially interested in 760 Shares, and such interests are deemed to be Mr. Yoji SATO's interests under the SFO.

- (4) Each of Mrs. Keiko SATO (wife of Mr. Yoji SATO), Mrs. Yaeko NISHIWAKI (sister of Mr. Yoji SATO), Mr. Masahiro SATO (brother of Mr. Yoji SATO), Mr. Shigehiro SATO (brother of Mr. Yoji SATO), and Mr. Kohei SATO (brother of Mr. Yoji SATO)(collectively, the "Sato Family Members") is a party acting in concert with Mr. Yoji SATO, SAC and Rich-O and each other to obtain or consolidate the holding of 30% or more of the Company, and is therefore deemed to be interested in the Shares in which Mr. Yoji SATO or any other Sato Family Member is interested, and Mr. Yoji SATO is deemed to be interested in the Shares in which any Sato Family Member is interested.
- (5) Mr. Kohei SATO resigned as chairman of the Board, chief executive officer, president and executive officer of the Company and was re-designated to a non-executive Director with effect from 27 April 2020. He was re-appointed as a non-executive Director on 24 June 2020. He is beneficially interested in 53,639,680 Shares. Mrs. Shizuka SATO, his wife, is beneficially interested in 1,500,000 Shares, and such interests are deemed to be Mr. Kohei SATO's interests under the SFO.

Save as disclosed above, as at the date of the Notice, none of the Candidates had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company.

(ii) Interest in the associated corporation

None of the Candidates has any interests or short positions in the shares or underlying shares or debentures of any associated corporation of the Company.

Additional information under Rule 13.51(2)

Save as disclosed in the Notice, the Candidates have not been the directors of public companies the securities of which are listed on a securities exchange in Hong Kong or overseas in the three years immediately preceding the date of the Notice, and there is no other information regarding the Candidates to be disclosed pursuant to any requirements of provisions under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor are there other matters that would otherwise need to be brought to the attention of the Shareholders and the Stock Exchange.

Independence requirements under Rule 3.13

Mr. Mitsutoshi KATO, Mr. Thomas Chun Kee YIP, Mr. Kei MURAYAMA, Mr. Kiyohito KANDA and Mr. Koji KATO are Candidates for independent non-executive Directors under the Listing Rules. The Company has received from each of the candidates for independent non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers them to be independent.

Mr. Mitsutoshi KATO and Mr. Thomas Chun Kee YIP will have served as independent non-executive Directors for nine (9) years and three (3) months at the close of this Meeting. For this, the Company's Nomination Committee and the Board has reviewed their annual written confirmation of independence and assessed their independence based on the independence criteria as set out in Rule 3.13 of the Listing Rules. The Company's Nomination Committee and the Board has confirmed that each Candidate does not have any relationship with any Directors, chief executive and senior management of the Company, substantial Shareholders or controlling

Shareholders and that they are not aware of any circumstance that might influence each candidate in exercising independent judgment. Based on that, the Company's Nomination Committee and the Board are satisfied that each Candidate has the required character, integrity, independence and experience to fulfill the role of an independent non-executive Director.

APPENDIX V

The guide map of Annual General Meeting of Shareholders

Location 2-25-1-702 Nishi-Nippori, Arakawa-ku, Tokyo, Japan
Meeting Room of the Company's Headquarter

Tel. 03-5615-1222

Access JR Yamanote Line, Keihin Tohoku Line, Joban Line "Nippori Station"
Keisei "Nippori Station"
Nippori-Toneri Liner "Nippori Station"

