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DYNAM JAPAN HOLDINGS Co., Ltd.

(incorporated in Japan with limited liability)

(Stock Code: 06889)

DISCLOSEABLE TRANSACTIONS ACQUISITION OF PACHINKO HALL BUSINESSES

THE ACQUISITION

The Board is pleased to announce that on 1 June 2023 (after trading hours), Dynam, a wholly-owned subsidiary of the Company, entered into an absorption-type company split agreement (the “**Agreement**”) with Keiai, pursuant to which, among other things, Keiai, as splitting company, agreed to transfer the Target Business to Dynam, as successor company, through the Absorption-type Company Split at a total consideration of JPY3.8 billion.

Upon completion of the Company Split, the Target Business will become wholly-owned by the Company and will be consolidated into the financial statements of the Group.

IMPLICATION OF THE LISTING RULES

As one or more of the applicable percentage ratios calculated under Chapter 14 of the Listing Rules for the transactions contemplated under the Agreement exceed 5% but all applicable percentage ratios are less than 25%, the Acquisition would constitute a discloseable transaction which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Acquisition is subject to the satisfaction of the conditions precedent as provided in the Agreement which may or may not be fulfilled, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Board is pleased to announce that on 1 June 2023 (after trading hours), Dynam, a wholly-owned subsidiary of the Company, entered into the Agreement with Keiai, pursuant to which, among other things, Keiai, as splitting company, agreed to transfer the Target Business to Dynam, as successor company, through the Company Split at a total consideration of JPY3.8

billion. Upon completion of the Company Split, the Target Business will become wholly-owned by the Company and will be consolidated into the financial statements of the Group.

SUMMARY OF PRINCIPAL TERMS OF THE AGREEMENT

Date: 1 June 2023.

Parties: (a) Dynam, as the successor company; and
(b) Keiai, as the splitting company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Keiai and its ultimate beneficial owner(s) are third parties independent of the Company and the connected persons of the Company.

Subject Matter: The Agreement provides for the transfer of the Target Business from Keiai to Dynam by way of the Company Split.

Consideration: The consideration for the Acquisition is JPY3.8 billion, which was determined by the parties after arm's length negotiations with reference to, among others, the net asset value of the Target Business.

The consideration is payable by Dynam to Keiai in cash in the following manner:

- (i) 10% of the consideration, equivalent to JPY0.38 billion, has already been paid by 31 May 2023;
- (ii) 10% of the consideration, equivalent to JPY0.38 billion is payable on the date of the Agreement; and
- (iii) 80% of the consideration, equivalent to JPY3.04 billion, is payable on the date of the Completion.

**Conditions
Precedent:**

The Completion is conditional upon:

- (i) succession approvals by the Gifu Prefectural Public Safety Commission for relevant business licenses for pachinko/pachislot hall operation under Article 2, Paragraph 1, Item 4 of the Amusement Business Law have been obtained;
- (ii) there has been no material event that could hinder the Completion or the continuation of the Target Business from the date of the Agreement to and including the date of the Completion; and
- (iii) there has been no material adverse change to the property or business condition of Keiai or Dynam as a result of a natural disaster or other cause from the date of the Agreement to and including the date of the Completion.

Completion: The Completion will take place on 31 July 2023 or other day as agreed by both Dynam and Keiai.

The Target Business

The Target Business consists of the business of five pachinko hall operations in Gifu Prefecture of Japan. As of the date of this announcement, the Target Business is wholly-owned by Keiai.

Based on the management accounts prepared in accordance with JGAAP by Keiai, the net asset value of the Target Business as at 31 October 2022 was approximately JPY1,292 million. The financial results of the Target Business for the two years immediately preceding the date of the Agreement are as follows:

	For the year ended 30 October 2021	For the year ended 30 October 2022
	<i>JPY million</i>	<i>JPY million</i>
Net profit before tax	872	841
Net profit after tax	605	583

After completion of the Company Split, the Target Business will become wholly-owned by the Company and will be consolidated into the financial statements of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors consider that the Acquisition is beneficial to the Group and the Shareholders as a whole for the following reasons:

The current situation in the pachinko hall industry shows a downward trend in the market size and the number of machines installed, with an increase in the number of suspensions and closures of competitors in the industry, and this trend is further accelerated by the recent COVID-19 pandemic. Dynam's existing halls are also facing the same difficult situation, and the Board expect that it will be difficult to maintain the business in the future if the current situation continues.

Under these circumstances, in order to enhance the Group's future corporate performance, the Group has been developing hall openings in business areas with a large market size. However, since the Group cannot ensure that it can secure customers by opening new halls, the Group has chosen to open halls by acquiring businesses that have existing customers in the new hall area. Keiai operates pachinko halls mainly in Gifu Prefecture of Japan, and Dynam will acquire five of these halls in Gifu Prefecture through the Absorption-type Company Split.

Dynam has conducted due diligence in the Acquisition and expects to acquire these facilities at an appropriate acquisition price, which is expected to result in an annual increase of net profit of more than JPY300 million.

The Directors are of the view that the terms of the Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

The Group is principally engaged in the business of pachinko hall operation and global aircraft leasing business.

Dynam is a company formed under the laws of Japan and a wholly-owned subsidiary of the Company. It is principally engaged in the business of pachinko hall operation.

Keiai is a company formed under the laws of Japan. It is principally engaged in the business of pachinko hall operation.

IMPLICATION OF THE LISTING RULES

As one or more of the applicable percentage ratios calculated under Chapter 14 of the Listing Rules for the transactions contemplated under the Agreement exceed 5% but all applicable percentage ratios are less than 25%, the Acquisition would constitute a discloseable transaction which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Acquisition is subject to the satisfaction of the conditions precedent as provided in the Agreement which may or may not be fulfilled, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

"Absorption-type Company Split" or "Company Split"	the action of causing another company to succeed to all or part of the rights and obligations that a company holds in connection with its business undertakings, as set out in the Companies Act
"Acquisition"	the acquisition of the Target Business by Dynam
"Amusement Business Law"	the Act on Control and Improvement of Amusement Business etc. of Japan (Act No. 122 of 1948, as amended)
"Board"	the board of Directors
"Companies Act"	the Companies Act of Japan (Act No. 86 of 2005, as amended)
"Company"	DYNAM JAPAN HOLDINGS Co., Ltd, a company incorporated under the laws of Japan with limited liability,

	the shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the transfer of the Target Business in accordance with the provisions of the Agreement
"connected persons"	has the meaning ascribed to it under the Listing Rules
"Directors"	the directors of the Company
"Dynam"	Dynam Co., Ltd., a company incorporated in Japan with limited liability
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"JGAAP"	Japanese Generally Accepted Accounting Principles
"JPY"	Japanese yen, the lawful currency of Japan
"Keiai"	Keiai Co., Ltd., a company incorporated under the laws of Japan with limited liability
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"percentage ratios"	has the meaning ascribed to it under Rule 14.07 of the Listing Rules
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Business"	the business of operating 5 pachinko halls being carried out by Keiai in Gifu Prefecture of Japan
"%"	percent.

By order of the Board
DYNAM JAPAN HOLDINGS Co., Ltd.
Makoto SAKAMOTO
Chairman of the Board

Tokyo, Japan, 1 June 2023

As of the date of this announcement, the executive Director is Mr. Makoto SAKAMOTO, the non-executive Directors are Mr. Yoji SATO, Mr. Kohei SATO and Mr. Akira HOSAKA, and the independent non-executive Directors are Mr. Mitsutoshi KATO, Mr. Thomas Chun Kee YIP, Mr. Kei MURAYAMA, Mr. Kiyohito KANDA and Mr. Koji KATO.