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DYNAM JAPAN HOLDINGS Co., Ltd.

(incorporated in Japan with limited liability)

(Stock code: 06889)

**CONTINUING CONNECTED TRANSACTIONS
MASTER SERVICES AGREEMENT**

The Board is pleased to announce that, on 30 June 2023 (after trading hours), DAIL (a wholly-owned subsidiary of the Company) entered into a Master Services Agreement with SAIL in respect of (1) Aircraft Sourcing Services, (2) Lease Management and Technical Services, (3) Remarketing Services, (4) Repossession and Non-Scheduled Events Services and (5) Deal Advisory Services to be provided by DAIL to SAIL from time to time during the Term.

SAIL is a wholly-owned subsidiary of SAC (a controlling shareholder of the Company), which is wholly-owned by Mr. Yoji SATO (non-executive Director and a controlling shareholder of the Company). Hence, SAIL is an associate of a connected person pursuant to Rule 14A.12(1)(c) and Rule 14A.13(1) of the Listing Rules. As such, the transactions contemplated under the Master Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable Percentage Ratio for the Annual Caps for the three years ending 31 March 2024, 2025 and 2026 is more than 0.1% and less than 5%, the continuing connected transactions contemplated under the Master Services Agreement and the Annual Caps are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. INTRODUCTION

The Board is pleased to announce that, on 30 June 2023 (after trading hours), DAIL (a wholly-owned subsidiary of the Company) entered into a Master Services Agreement with SAIL in respect of (1) Aircraft Sourcing Services, (2) Lease Management and Technical Services, (3) Remarketing Services, (4) Repossession and Non-Scheduled Events Services and (5) Deal Advisory Services to be provided by DAIL to SAIL from time to time during the Term.

2. PRINCIPAL TERMS OF THE MASTER SERVICES AGREEMENT

The principal terms of the Master Services Agreement are as follows:-

- Date:** 30 June 2023
- Parties:** DAIL and SAIL
- Term:** For an initial term of 36 months commencing from the date of the Master Services Agreement (unless terminated earlier in accordance with the terms thereof) and thereafter automatically renewed for an additional 36 months on the last day of the initial term and on the third anniversary of each successive 36-month period (unless either party shall serve a written notice on the other party not less than 90 days before the next upcoming expiration date confirming that the Master Services Agreement will not be renewed).
- Scope of Appointment:** If, at any time during the Term, SAIL wishes to (1) obtain Lease Management and Technical Services, Remarketing Services or Repossession and Non-Scheduled Events Services for an Aircraft; (2) obtain Deal Advisory Services in respect of any Non-Sourced Aircraft; or (3) obtain Aircraft Sourcing Services to acquire an aircraft as a Sourced Aircraft, it may (but is not obliged to) serve a notice on or notify DAIL (as applicable) pursuant to and in accordance with the Master Services Agreement and appoint DAIL to provide the applicable Service.
- Exclusivity:** If SAIL has appointed DAIL to provide any Service in respect of an Aircraft, for so long as DAIL’s appointment in respect of such Aircraft has not been terminated, SAIL agrees not to employ any person other than DAIL or an affiliate of DAIL to perform such Service for the relevant Aircraft.
- Services:**
 - (1) Aircraft Sourcing Services**

The Aircraft Sourcing Services shall include all services to be provided by DAIL as described in the relevant schedule to the Master Services Agreement, which include but are not limited to searching the market for suitable aircraft acquisition opportunities, identifying aircraft sale and leaseback opportunities, entering into negotiations with the seller and carrying out technical due diligence on the aircraft etc.
 - (2) Lease Management and Technical Services**

The Lease Management and Technical Services shall include all services listed in the relevant schedule to the Master Services Agreement to be provided by DAIL in respect of each Lease Managed Aircraft, which include but are not limited to setting up a programme for monitoring compliance by the lessee of its obligations under the Lease Agreement,

evaluating lessee performance, issuing invoices and recording payments, arranging inspection of the relevant Aircraft at appropriate intervals etc.

(3) Remarketing Services

The Remarketing Services shall include all services to be provided by DAIL as listed in the relevant schedule to the Master Services Agreement, which include but are not limited to providing a marketing plan for SAIL, marketing the relevant Aircraft for sale or lease on a worldwide basis, evaluating proposals received for the sale or leasing of the relevant Aircraft, assisting in the negotiation of the sale or lease agreement etc.

(4) Repossession and Non-Scheduled Events Services

The Repossession and Non-Scheduled Events Services shall include all services as listed in the relevant schedule to the Master Services Agreement to be provided by DAIL in respect of each Repossession Aircraft, which include but are not limited to arranging an inspection of the relevant Aircraft, evaluating the maintenance condition for compliance with the relevant requirements, producing an inspection report on the condition of the relevant Aircraft, determining whether the relevant Aircraft meets its redelivery condition etc.

(5) Deal Advisory Services

The Deal Advisory Services shall include all services as described in the relevant schedule to the Master Services Agreement to be provided by DAIL in respect of each Non-Sourced Aircraft, which include but are not limited to entering into negotiations with the seller, carrying out technical due diligence on the Aircraft, assisting with completion of the relevant documentation relating to the purchase of the Aircraft etc.

**Service Fees,
Pricing and
Payment Terms:**

(1) Aircraft Sourcing Fee

The Aircraft Sourcing Fee in respect of each Sourced Aircraft shall be an amount equal to 1% of the Aircraft Purchase Price, payable by SAIL no later than 10 business days after the date of payment of the relevant Aircraft Purchase Price.

(2) Lease Management Fee

The Lease Management Fee in respect of each Leased Managed Aircraft shall be US\$8,000 per month, payable by SAIL monthly in arrear no later than 10 business days following receipt of an invoice from DAIL each month. Where SAIL appoints DAIL to perform Repossession and Non-Scheduled Events Services for such Lease Managed Aircraft, no Lease Management Fee shall be payable in respect of such Lease Managed

Aircraft for so long as DAIL continues to perform Repossession and Non-Scheduled Events Services and/or any Remarketing Services related to the repossession of such Lease Managed Aircraft.

(3) Remarketing Fee

The Remarketing Fee in respect of each Remarketing Aircraft shall be as follows: (i) if a Remarketing Aircraft (or the relevant entity which owns a Remarketing Aircraft) is sold to a third party pursuant to a transaction arranged by DAIL, an amount equal to 1.5% of the gross sales proceeds (as defined in the Master Services Agreement), payable by SAIL within 10 business days after the date on which SAIL (or the relevant affiliate) receives the gross sales proceeds; or (ii) if a Remarketing Aircraft is leased or re-leased to a third party aircraft operator, US\$200,000 (as escalated annually on the anniversary of the date of the Master Services Agreement by 2% by way of agreed inflation adjustment), payable by SAIL within ten 10 business days of the delivery date of a Remarketing Aircraft to such third party operator pursuant to the new lease; or (iii) if the term of a Lease Agreement for a Remarketing Aircraft is extended, US\$50,000 payable by SAIL within 10 business days after execution of the lease amendment agreement by the parties thereto.

(4) Repossession Fee

The Repossession Fee in respect of Repossession and Non-Scheduled Event Service provided to each Repossession Aircraft shall be €200 per man hour, subject to a daily cap per person of €1,400 (subject to annual escalation on each anniversary of the date of the Master Services Agreement by 2% per annum by way of agreed inflation adjustment), which shall be payable by SAIL no later than 10 business days following receipt of an invoice from DAIL specifying in reasonable detail the relevant Services performed.

(5) Deal Advisory Fee

The Deal Advisory Fee in respect of each Non-Sourced Aircraft shall be US\$200,000, payable by SAIL no later than 10 business days after the date of payment of the relevant purchase price for a Non-Sourced Aircraft.

Reimbursement of Expenses:

Save for Overhead Expenses, SAIL shall be responsible for all Reimbursable Expenses incurred by DAIL, and the same shall be payable by SAIL on demand of DAIL.

Delegation:

DAIL may at its own cost delegate some or all of its responsibilities, duties and undertakings under the Master Services Agreement to one or more third parties (including any of its affiliates) in accordance with the

terms thereof. Such delegation may be made upon such terms and subject to such conditions as DAIL may think fit, but any delegation of responsibilities to third parties shall be on an arm's length basis and subject to reasonable commercial terms having regard to the circumstances.

Default Interest: If SAIL fails to pay any amount payable under the Master Services Agreement on the due date, SAIL shall pay to DAIL on demand from time to time interest at 3% per annum on such amount, from the due date to the date of payment in full by SAIL. All such interest will be compounded at the end of each month.

Termination: ***Termination of Agreement***

A non-defaulting party may terminate the Master Services Agreement after the occurrence of a Termination Event by way of written notice to the defaulting party (i) in whole (in case of an insolvency event) or (ii) in part in respect of any Aircraft and/or Service (in case the defaulting party fails to cure the relevant Termination Event within the applicable time period).

Either party may terminate the Master Services Agreement by way of written notice to the other party (i) in whole or (ii) in part in respect of any Aircraft and/or any Service provided that the date of termination shall not be earlier than 180 days after the date of such notice.

Termination of Appointment

DAIL's appointment for Lease Management and Technical Services in respect of each Lease Managed Aircraft, Remarketing Services in respect of a Remarketing Aircraft and Repossession and Non-Scheduled Events Services in respect of a Repossession Aircraft shall continue until the earliest of: (i) the date of termination of the Master Services Agreement in whole in accordance with the terms thereof as mentioned above; (ii) the date of termination of the Master Services Agreement in part in respect of the relevant Aircraft and/or the relevant Service in accordance with the terms thereof as mentioned above; (iii) the date on which the relevant Aircraft is sold to a third party; or (iv) following the total loss of the relevant Aircraft.

DAIL's appointment for Aircraft Sourcing Services and Deal Advisory Services shall continue until the earliest of: (i) the date of termination of the Master Services Agreement in whole in accordance with the terms thereof as mentioned above; (ii) the date of termination of the Master Services Agreement in part in respect of the relevant Service in accordance with the terms thereof as mentioned above; or (iii) the date

on which the relevant Sourced Aircraft or Non-Sourced Aircraft is acquired.

3. ANNUAL CAPS

There is no historical transaction amounts with respect to the provision of the Services by DAIL to SAIL as contemplated under the Master Services Agreement. The Annual Caps for the three financial years ending 31 March 2024, 2025 and 2026 are as follows:-

	For the financial years ending 31 March		
	2024	2025	2026
	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>
Annual Cap	2,500	2,700	2,900

4. BASIS OF THE ANNUAL CAPS

In determining the Annual Caps, the Directors have made reference to a forecast of payments to be received by DAIL from SAIL for the Services expected to be provided in the three financial years ending 31 March 2024, 2025 and 2026. The forecast has been prepared having regard, inter alia, to the existing and projected fleet size of SAIL, as well as the types of Services which SAIL is expected to engage DAIL to provide in respect of its existing Aircraft and new Aircraft to be acquired in each financial year. Cushions have also been added to provide flexibility for possible changes in the level of Services to be provided considering the growth of the SAC Group.

The Annual Caps have been arrived at on the assumptions that: (1) DAIL will provide Aircraft Sourcing Services for up to two new Aircraft in each of the financial years ending 31 March 2024, 2025 and 2026 at an estimated purchase price determined with reference to quotations obtained by DAIL for the model of aircraft expected to be sourced by DAIL for SAIL; (2) DAIL will provide Lease Management and Technical Services for a certain number of Aircraft currently owned by SAIL and up to two additional Aircraft in each financial year; (3) DAIL will provide Remarketing Services and Deal Advisory Services for one Aircraft in each financial year; and (4) the number of man-hours required for Repossession and Non-Scheduled Event Services will increase by around 5% in each financial year assuming that two additional Aircraft will be acquired by SAIL in each financial year.

In view of the above, the Directors (including the independent non-executive Directors) consider that the Annual Caps are fairly and reasonably determined.

If the actual amount receivable by the Group under the continuing connected transactions contemplated under the Master Services Agreement shall exceed the Annual Caps in any financial year, the Company will re-comply with all applicable requirements under the Listing Rules.

5. INFORMATION OF THE COMPANY AND THE PARTIES

The Company, through its subsidiaries, is principally engaged in the business of pachinko hall operation and global Aircraft Leasing Business.

DAIL is a company formed under the laws of the Republic of Ireland and an indirect wholly-owned subsidiary of the Company. It is principally engaged in Aircraft Leasing Business.

SAIL is a company formed under the laws of the Republic of Ireland and a wholly-owned subsidiary of SAC (a company wholly-owned by Mr. Yoji SATO, a non-executive Director and a controlling shareholder of the Company). It is principally engaged in Aircraft Leasing Business.

6. LISTING RULES IMPLICATIONS

SAIL is a wholly-owned subsidiary of SAC (a controlling shareholder of the Company), which is wholly-owned by Mr. Yoji SATO (non-executive Director and a controlling shareholder of the Company). Hence, SAIL is an associate of a connected person pursuant to Rule 14A.12(1)(c) and Rule 14A.13(1) of the Listing Rules. As such, the transactions contemplated under the Master Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable Percentage Ratio for the Annual Caps for the three years ending 31 March 2024, 2025 and 2026 is more than 0.1% and less than 5%, the continuing connected transactions contemplated under the Master Services Agreement and the Annual Caps are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

7. REASONS AND BENEFITS OF THE MASTER SERVICES AGREEMENT

The Group is continuously exploring opportunities to accelerate the expansion and diversification of the Group's global Aircraft Leasing Business. SAC Group has been in the Aircraft Leasing Business for many years and has a growing fleet portfolio. The Group has been strategically cooperating with the SAC Group since the establishment of the Group's global Aircraft Leasing Business in 2019.

The Master Services Agreement provides a clear framework where the SAIL will be able to appoint DAIL to provide a wide variety of Services relating to aircraft leasing and sourcing from time to time with both flexibility and certainty. It clearly sets out the basis of determining the Service Fees to be charged in respect of each of the Services and provides adequate protection to the Group.

It is expected that DAIL will be appointed to provide various Services to SAIL for a number of Aircraft during the Term. As such, the transactions contemplated under the Master Services Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group and SAIL.

The Directors are of the view that the Master Services Agreement will streamline the continuing connected transactions expected to be entered into between DAIL and SAIL. It provides a single basis on which the Company will comply with the reporting, announcement and other requirements in compliance with the Listing Rules and thereby reduce the administrative burden

and costs on the Company to comply with such requirements in relation to a number of different agreements to be entered into in relation to each type of Services for each Aircraft.

The Service Fees payable by SAIL to DAIL under the Master Services Agreement were determined between the parties on arm's length basis on reasonable commercial terms having regard to market rates and the fees charged by DAIL to third parties for similar services.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Master Services Agreement (including but not limited to the Service Fees) and the continuing connected transactions contemplated thereunder are and will be fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

8. INTERNAL CONTROL MEASURES

The Company's independent non-executive Directors will continuously monitor the Group's continuing connected transactions, including but not limited to the continuing connected transactions contemplated under the Master Services Agreement, on an on-going basis in accordance with the requirements of Chapter 14A of the Listing Rules.

Each year, the independent non-executive Directors will carefully consider whether all of the continuing connected transactions of the Group are entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and are conducted according to the agreement governing them on terms that are fair and reasonable and in the interests of Shareholders as a whole.

In addition, Directors who have or may be perceived to have conflicts of interests, such as Directors who hold controlling interests in the connected persons, will not participate in any meetings or discussions of the Board, or be included in any decision making processes relating to such conflicting matters.

9. DIRECTOR'S INTERESTS

Mr. Yoji SATO, non-executive Director, has a material interest in the Master Services Agreement by reason of his indirect controlling interest in SAIL. Accordingly, Mr. Yoji SATO has abstained from voting on the Board resolutions approving the Master Services Agreement and the Annual Caps. Further, Mr. Kohei SATO, younger brother of Mr. Yoji SATO, has also voluntarily abstained from voting on the relevant Board resolutions.

10. DEFINITIONS

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

“Aircraft”	any commercial jet aircraft acquired or to be acquired by SAIL or any of its affiliates (as defined under the Master Services Agreement)
“Aircraft Leasing Business”	the business of (a) acquisition of aircraft; (b) leasing of aircraft (including operating leases and finance leases (which include financing arrangements in sale and leaseback transactions)); and (c) disposal of aircraft
“Aircraft Purchase Price”	in the case of the purchase of a Sourced Aircraft by SAIL (or by any of its Affiliates) the gross purchase price paid by the relevant purchaser of the Sourced Aircraft (as determined in accordance with the Master Services Agreement)
“Aircraft Sourcing Services”	the services to be provided by DAIL as described under the section headed “2. Principal Terms of the Master Services Agreement – Services – (1) Aircraft Sourcing Services” of this announcement
“Aircraft Sourcing Fee”	the service fee payable by SAIL to DAIL for the Aircraft Sourcing Services as described under the section headed “2. Principal Terms of the Master Services Agreement – Service Fees, Pricing and Payment Terms – (1) Aircraft Sourcing Fee” of this announcement
“Annual Caps”	the annual caps in respect of the aggregate amounts payable by SAIL to the Group under the Master Services Agreement for the three financial years ending 31 March 2024, 2025 and 2026 as set out under the section headed “3. Annual Caps” of this announcement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	DYNAM JAPAN HOLDINGS CO., LTD., a company incorporated under the laws of Japan with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“DAIL”	Dynam Aviation Ireland Limited, a company incorporated in the Republic of Ireland with limited liability and a wholly-owned subsidiary of the Company

“Deal Advisory Fee”	the service fee payable by SAIL to DAIL for the Deal Advisory Services as described under the section headed “2. <i>Principal Terms of the Master Services Agreement – Service Fees, Pricing and Payment Terms – (5) Deal Advisory Fee</i> ” of this announcement
“Deal Advisory Services”	the services to be provided by DAIL in relation to each Non-Sourced Aircraft as described under the section headed “2. <i>Principal Terms of the Master Services Agreement – Services – (5) Deal Advisory Services</i> ” of this announcement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lease Agreement”	any lease agreement entered into in respect of an Aircraft and which has/have not expired or terminated
“Lease Managed Aircraft”	any Aircraft which is added to the Master Services Agreement by the service of a lease management addition notice pursuant to and in accordance with the terms thereof
“Lease Management Fee”	the service fee payable by SAIL to DAIL for the Lease Management and Technical Services as described under the section headed “2. <i>Principal Terms of the Master Services Agreement – Service Fees, Pricing and Payment Terms – (2) Lease Management Fee</i> ” of this announcement
“Lease Management and Technical Services”	the services to be provided by DAIL in relation to each Leased Managed Aircraft as described under the section headed “2. <i>Principal Terms of the Master Services Agreement – Services – (2) Lease Management and Technical Services</i> ” of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Services Agreement”	the master services agreement dated 30 June 2023 and entered into between DAIL and SAIL, the principal terms of which are set out under the section headed “2. <i>Principal Terms of the Master Services Agreement</i> ” of this announcement
“Non-Sourced Aircraft”	any Aircraft acquired or to be acquired by SAIL or any of its affiliates and sourced by a person other than DAIL

“Overhead Expenses”	all general and overhead and operating expenses (including, without limitation, salary and benefit costs payable in respect of DAIL employees, costs incurred by DAIL in maintaining and operating its office(s), telecommunications and photocopying costs, taxes on DAIL’s net income, profits or gains, and any other costs and expenses) incurred by DAIL in the ordinary course of its business
“Percentage Ratio(s)”	has the meaning ascribed to it under the Listing Rules
“Reimbursable Expenses”	all properly documented costs and expenses (excluding Overhead Expenses) properly and reasonably incurred by DAIL in connection with the provision of the Services
“Remarketing Aircraft”	each Aircraft added to the Master Services Agreement, by the service of a remarketing addition notice pursuant to and in accordance with the terms thereof
“Remarketing Fee”	the service fee payable by SAIL to DAIL for the Remarketing Services as described under the section headed “2. <i>Principal Terms of the Master Services Agreement – Service Fees, Pricing and Payment Terms – (3) Remarketing Fee</i> ” of this announcement
“Remarketing Services”	the services to be provided by DAIL as described under the section headed “2. <i>Principal Terms of the Master Services Agreement – Services – (3) Remarketing Services</i> ” of this announcement
“Repossession Aircraft”	each Aircraft which is added to the Master Services Agreement, by the service of a repossession aircraft addition notice pursuant to and in accordance with the terms thereof
“Repossession and Non-Scheduled Events Services”	the services to be provided by DAIL in relation to each Repossession Aircraft as described under the section headed “2. <i>Principal Terms of the Master Services Agreement – Services – (4) Repossession and Non-Scheduled Events Services</i> ” of this announcement
“Repossession Fee”	the service fee payable by SAIL to DAIL for the Repossession and Non-Scheduled Events Services as described under the section headed “2. <i>Principal Terms of the Master Services Agreement – Service Fees, Pricing and Payment Terms – (4) Repossession Fee</i> ” of this announcement
“SAC”	Sato Aviation Capital Limited, a company incorporated in Hong Kong with limited liability and held as to 100% by Mr. Yoji SATO
“SAC Group”	SAC and its subsidiaries, including but not limited to SAIL

“SAIL”	Sato Aviation Ireland Limited, a company incorporated in the Republic of Ireland with limited liability and held as to 100% by Mr. Yoji SATO through SAC
“Services”	the Aircraft Sourcing Services, the Lease Management and Technical Services, the Remarketing Services, the Repossession and Non-Scheduled Events Services and the Deal Advisory Services, collectively
“Service Fees”	the fees payable for the Services pursuant to the Master Services Agreement
“Shareholder(s)”	the shareholders of the Company
“Sourced Aircraft”	any Aircraft purchased by SAIL or any of its affiliates as a result of the provision of the Aircraft Sourcing Services by DAIL pursuant to the Master Services Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Term”	the term of the Master Services Agreement as described under the section headed “2. <i>Principal Terms of the Master Services Agreement – Term</i> ” of this announcement
“Termination Event”	includes (a) an insolvency event (as defined in the Master Services Agreement) with respect to DAIL or SAIL, (b) failure to by a party to pay any amount required to be paid and such failure shall not have been remedied within 28 days, and (c) material default by a party in the performance of its obligations and such default shall not have been remedied within 30 days
“US\$”	the lawful currency of the United States of America
“€”	the lawful currency of the European Union
“%”	per cent

By order of the Board
DYNAM JAPAN HOLDINGS Co., Ltd.
Akira HOSAKA
Chairman of the Board

Tokyo, Japan, 3 July 2023

As of the date of this announcement, the executive director of the Company is Mr. Akira HOSAKA, the non-executive directors of the Company are Mr. Yoji SATO, Mr. Kohei SATO and Mr. Makoto SAKAMOTO, and the independent non-executive directors of the Company are Mr. Mitsutoshi KATO, Mr. Thomas Chun Kee YIP, Mr. Kiyohito KANDA, Mr. Koji KATO and Ms. Mayumi ITO.