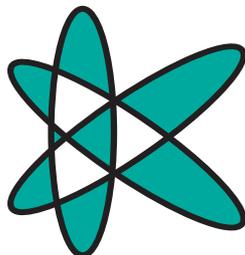


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Okura Holdings Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 01655)

DISCLOSEABLE TRANSACTION ACQUISITION OF TRUST BENEFICIAL INTEREST OF PROPERTIES

The Board is pleased to announce that on 9 November 2023, the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Acquisition Agreement, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the Trust Beneficial Interest with the Properties as the underlying entrusted asset, at a Consideration of JPY935,422,661 (inclusive of consumption tax), subject to adjustments.

As one or more of the applicable percentage ratios in respect of the Acquisition Agreement exceed 5% but are all below 25%, the entering into of the Acquisition Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements, but exempt from the shareholders' approval requirements, under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 9 November 2023, the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Acquisition Agreement, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the Trust Beneficial Interest with the Properties as the underlying entrusted asset, at a Consideration of JPY935,422,661 (inclusive of consumption tax), subject to adjustments.

THE ACQUISITION AGREEMENT

The principal terms of the Acquisition Agreement are set out as follows:

Date: 9 November 2023

Parties: (i) K's Property Co., Ltd.* (株式会社ケイズプロパティ), an indirect wholly-owned subsidiary of the Company, as the purchaser; and
(ii) G.K. Shunan Kaihatsu* (合同会社周南開発), as the vendor.

Information on the Properties: The particulars of the Properties are as follows:

- (i) three parcels of land situated at Azakaisakuminami, Oazakuriya, Shunan-Shi, Yamaguchi Prefecture, Japan, with a total area of approximately 8,952 square metres, together with an irrigation channel of approximately 34 square metres (the “**Land**”); and
- (ii) a four-story building and a single-story warehouse erected on the Land with a total gross floor area of approximately 7,406 square metres and 118 square metres, respectively (the “**Buildings**”, together with the Land, the “**Properties**”).

As at the date of this announcement, the Properties are held on trust by the Trustee pursuant to the Trust Agreement for the benefit of the Vendor.

As at the date of this announcement, the Properties were solely leased to the Purchaser under a lease agreement (the “**Lease**”) which shall expire on 30 September 2041 for an annual rental of JPY102,960,000, for the Group's operation of one of its pachinkohalls and car parking lots. Based on the Company's knowledge, information and belief, the Properties have been solely leased to the Purchaser for the aforesaid purpose since 29 August 2016.

The net profits generated from such subsisting Lease by the Properties before and after taxation are as follows:

	For the ten months ended 31 October 2023 JPY (Approximate)	For the year ended 31 December 2022 JPY (Approximate)	For the year ended 31 December 2021 JPY (Approximate)
Net profit generated from subsisting Lease before taxation ⁽ⁱ⁾	25,072,576	33,015,379	36,334,443
Net profit generated from subsisting Lease after taxation ⁽ⁱⁱ⁾	16,482,712	21,704,310	23,886,263

Notes:

- (i) The net profit before taxation is calculated by the Directors with their best estimation by taking into account the estimated operation expenses for the aforementioned periods.
- (ii) The net profit after taxation is calculated by the Directors with their best estimation by assuming that the Vendor paid the profit tax at the maximum profit tax rate under applicable statutory requirements in Japan in respect of all rental income generated from the Properties for the aforementioned periods.

The Properties under the Trust Beneficial Interest were preliminary valued at JPY520,000,000 as at 2 November 2023 by an independent professional valuer. As confirmed with the independent professional valuer, they are in the process of finalising the valuation report pending certain administrative procedures, and there shall be no significant difference between the preliminary draft of the valuation report and the final valuation report of the Properties.

Consideration and payment terms:

The Consideration for the Acquisition is JPY935,422,661 (inclusive of consumption tax), subject to the following adjustments:

- (i) income generated and expenses incurred, by the Properties and arising from the termination of the Lease, before the date of Completion shall be attributed to and borne by (as the case may be) the Vendor; and
- (ii) income generated and expenses incurred, by the Properties and arising from the termination of the Lease, after the date of Completion (inclusive of the date of Completion) shall be attributed to and borne by (as the case may be) the Purchaser.

It is expected that the maximum amount of any adjustments to be paid by the Purchaser to the Vendor shall not exceed JPY39,310,831.

The Consideration shall be settled by the Purchaser in a lump sum payment to the Vendor via bank transfer on the date of Completion or on such other date as the parties may agree if the abovementioned adjustments are undetermined on the date of Completion.

The Consideration was determined between the parties after arm's length negotiations and on normal commercial terms, taking into account (i) the preliminary valuation of the Properties conducted by an independent third party property valuer of JPY520,000,000 as at 2 November 2023, (ii) the total rent payable under the Lease if the Properties were not acquired by the Purchaser, (iii) the current market conditions, (iv) the location and conditions of the Properties, (v) the prevailing market prices for properties of similar size and in similar vicinity, and (vi) the potential growth of the rental and value of the Properties. The Directors considered that the Consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. The Consideration will be funded by the Group's internal resources and bank loans.

Conditions precedent:

Completion is subject to satisfaction of, among others, the following conditions precedent:

- (i) the Purchaser obtaining the written consent from the Trustee in relation to the Acquisition;

- (ii) the Vendor delivering to the Purchaser all documents relating to the Trust Agreement, the Trustee and previous transfers of the Trust Beneficial Interest;
- (iii) the Trustee registering the changes in beneficiary and trustor from the Vendor to the Purchaser with the relevant authority; and
- (iv) the Vendor delivering to the Purchaser documents relating to the release of the Vendor's Trust Beneficial Interest.

Completion:

Completion is expected to take place on 9 November 2023, or on such other date as the parties may agree, following the satisfaction of all the conditions precedent. Upon Completion, the Trust Beneficial Interest shall be transferred from the Vendor to the Purchaser, and the contractual positions of the Vendor as trustor and beneficiary under the Trust Agreement shall be transferred from the Vendor to the Purchaser.

Following Completion, the Purchaser will carry out the necessary procedures to terminate the trust arrangement under the Trust Agreement, such that the Purchaser will become a direct owner of the Properties.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the business of operating pachinko halls in Japan. The Company is currently operating 11 pachinko halls in the Kyushu, Kanto, Kansai and Chugoku regions in Japan.

As at the date of this announcement, the Group leased the Properties from the Vendor for the operation of one of its pachinko halls and car parking lots. The Directors consider that the Acquisition provides an excellent opportunity for the Group to (i) reduce ongoing rental payments for the Properties, (ii) eliminate the potential risks of the Group failing to renew the existing Lease for the Properties upon its expiry in the future, and (iii) avoid the possible increase in rents for the Properties upon the expiry of the existing Lease.

The Board considers that the terms of the Acquisition Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND THE PURCHASER

The Group is principally engaged in the business of operating pachinko halls in Japan. The Group is currently operating 11 pachinko halls in the Kyushu, Kanto, Kansai and Chugoku regions in Japan under the trading names “Big Apple.” and “K’s Plaza”.

The Purchaser was incorporated under the laws of Japan, and an indirect wholly-owned subsidiary of the Company mainly for holding the real estate property used in the Group’s business operations.

INFORMATION ON THE VENDOR

The Vendor is a company incorporated under the laws of Japan and headquartered in Osaka City, Osaka Prefecture, Japan, principally engaged in real estate leasing business and consulting services for real estate development projects in Japan. The Vendor is ultimately owned as to 100% by Mr. Tsuyoshi Kawata. To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

INFORMATION ON THE TRUSTEE

The Trustee is a company incorporated under the laws of Japan and is principally engaged in custodial trust business, financial instruments transaction business, research and consulting services regarding the utilisation of trust functions. The Trustee is ultimately owned as to 100% by Mr. Yasuhiro Okuchi. To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, the Trustee and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition Agreement exceed 5% but are all below 25%, the entering into of the Acquisition Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements, but exempt from the shareholders’ approval requirements, under Chapter 14 of the Listing Rules.

DEFINITIONS

“ Acquisition ”	the acquisition of the Trust Beneficial Interest of the Properties by the Purchaser from the Vendor pursuant to the terms and conditions of the Acquisition Agreement
“ Acquisition Agreement ”	the acquisition agreement dated 9 November 2023 entered into by the Purchaser and the Vendor in respect of the Acquisition
“ Board ”	the board of Directors
“ Buildings ”	has the meaning ascribed to it in the section headed “THE ACQUISITION AGREEMENT — Information on the Properties” in this announcement
“ Company ”	Okura Holdings Limited, a company incorporated in Hong Kong with limited liability, the issued Shares are listed and traded on the Main Board of the Stock Exchange (Stock code: 01655)
“ connected persons ”	has the meaning ascribed to it under the Listing Rules
“ Consideration ”	the total consideration of the Acquisition in the sum of JPY935,422,661 (inclusive of consumption tax), subject to adjustments
“ Completion ”	completion of the Acquisition, details of which are set out in the section headed “THE ACQUISITION AGREEMENT — Completion” in this announcement
“ Director(s) ”	the director(s) of the Company
“ Group ”	the Company and its subsidiaries
“ Hong Kong ”	Hong Kong Special Administrative Region of the PRC
“ Land ”	has the meaning ascribed to it in the section headed “THE ACQUISITION AGREEMENT — Information on the Properties” in this announcement
“ JPY ”	Japanese Yen, the lawful currency of Japan
“ Listing Rules ”	the Rules Governing the Listing of Securities on the Stock Exchange
“ PRC ”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Properties”	has the meaning ascribed to it in the section headed “THE ACQUISITION AGREEMENT — Information on the Properties” in this announcement
“Purchaser”	K’s Property Co., Ltd.* (株式会社ケイズプロパティ), a company incorporated under the laws of Japan and an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of the Company
“Shareholders”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Trust Agreement”	the property management and disposition trust agreement dated 30 September 2016 entered into between an entity (being the initial trustor and the initial beneficiary) and the Trustee, pursuant to which the contractual positions of the entity as trustor and beneficiary were transferred from such entity to the Vendor
“Trust Beneficial Interest”	the entrusted asset under the trust, which solely consist of the Properties, that are held by the Trustee pursuant to the Trust Agreement for the benefit of the Vendor. Please refer to the section headed “THE ACQUISITION AGREEMENT” in this announcement for details of the Properties
“Trustee”	Kyodo Shintaku Co., Ltd.* (共同信託株式会社), a company incorporated under the laws of Japan, the appointed trustee under the Trust Agreement and an independent third party of the Company

“Vendor” G.K. Shunan Kaihatsu* (合同会社周南開発), a company incorporated under the laws of Japan, the trustor and beneficiary of the Trust Agreement immediately before Completion, and an independent third party of the Company

“%” per cent.

For and on behalf of the Board
Okura Holdings Limited
Katsuya YAMAMOTO
*Chief Executive Officer, Executive Director and
Chairman of the Board*

Hong Kong, 9 November 2023

As at the date of this announcement, the Board comprises six Directors, of which (i) three are executive Directors, namely Mr. Katsuya YAMAMOTO, Mr. Yutaka KAGAWA and Mr. Toshiro OE; and (ii) three are independent non-executive Directors, namely Mr. Kazuyuki YOSHIDA, Ms. Mariko YAMAMOTO and Mr. Masaaki AYRES (alias Gettefeld AYRES).

* *For identification purpose only*