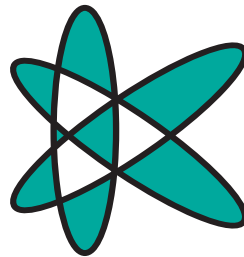

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Okura Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).



Okura Holdings Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 01655)

MAJOR TRANSACTION FURTHER AMENDMENTS TO THE TERMS AND CONDITIONS OF THE 1ST SERIES BOND

Unless the context otherwise requires, all capitalised terms used in this cover page shall have the same meanings as those defined the section headed “Definitions” in this circular. A letter from the Board is set out on pages 4 to 10 of this circular.

30 September 2024

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Appendix I — Financial Information of the Group	I-1
Appendix II — General Information	II-1

DEFINITIONS

In this circular, unless the context otherwise requires, the following terms or expressions used shall have the following meanings:

“1st Series Bond”	a bond in the principal amount and face value of JPY500 million, with an interest rate of 4.00% per annum, and maturity/redemption date of 31 July 2024
“1st Series Bond Agreement”	the agreement dated 26 July 2018, and entered into by the Company and Sinwa in relation to the subscription of the 1st Series Bond
“1st Series Bond Amendment Agreement”	the agreement dated 30 July 2021, and entered into by the Company, Sinwa and the Guarantor in relation to the amendments of the terms and conditions in the 1st Series Bond Agreement
“1st Series Bond Amendment Announcement”	the Company’s announcement dated 30 July 2021 in relation to the amendments of the terms and conditions in the 1st Series Bond Agreement
“2nd Series Bond”	a bond in the principal amount and face value of JPY500 million, with an interest rate of 4.00% per annum, and maturity/redemption date of 31 January 2027
“2nd Series Bond Agreement”	the agreement dated 26 July 2018, and entered into by the Company and Sinwa in relation to the subscription of the 2nd Series Bond
“5th Amendment Agreement”	the fifth amendment agreement to the 2nd Series Bonds Agreement entered into by the Company, Sinwa and the Guarantor in relation to the subscription of the 2nd Series Bond, details of which are disclosed in the announcement of the Company dated 27 January 2023
“6th Amendment Agreement”	the sixth amendment agreement to the 2nd Series Bonds Agreement entered into by the Company, Sinwa and the Guarantor in relation to the subscription of the 2nd Series Bond, details of which are disclosed in the announcement of the Company dated 25 January 2024
“Amendments”	the proposed amendments to the terms and conditions as set out in the Second 1st Series Bond Amendment Agreement
“Announcements”	the Initial Announcement and the Subsequent Announcements
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board

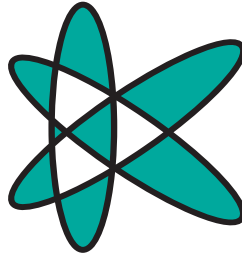
DEFINITIONS

“Board”	the board of Directors
“Bond Agreements”	the 1st Series Bond Agreement and the 2nd Series Bond Agreement (as amended by their respective amendment agreements)
“Company”	Okura Holdings Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock code: 01655)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“COVID-19”	the Coronavirus Disease 2019
“Director(s)”	the director(s) of our Company
“Everglory Group”	Everglory Group Pte. Ltd., a company incorporated in Singapore with limited liability
“Foundation”	AMI Culture Foundation, a foundation established by Mr. Katsuya YAMAMOTO as founder under Liechtenstein law with no shareholder in the Foundation, details of which are set out in the Company’s announcement dated 11 January 2024
“G.K. Shunan Kaihatsu”	G.K. Shunan Kaihatsu (合同会社周南開発), a company incorporated in Japan
“Group”	the Company and its subsidiaries
“Guarantor”	Everglory Capital Co., Ltd. (株式会社エバーグローリー・キャピタル), a company incorporated in Japan with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Announcement”	the announcement of the Company dated 26 July 2018 in relation to the subscription of the 1st Series Bond and 2nd Series Bond
“JPY”	Japanese Yen, the lawful currency of Japan
“K’s Property”	K’s Property Co., Ltd. (株式会社ケイズプロパティ), a company incorporated in Japan and an indirect wholly-owned subsidiary of the Company
“Latest Practicable Date”	23 September 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Okura Japan”	Okura Co., Ltd. (王蔵株式会社), a company incorporated in Japan and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China
“Second 1st Series Bond Amendment Agreement”	the agreement dated 30 July 2024, and entered into by the Company, Sinwa and the Guarantor in relation to the amendments of the terms and conditions in the 1st Series Bond Agreement (as amended by the 1st Series Bond Amendment Agreement)
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Sinwa”	Sinwa Co., Ltd. (株式会社しんわ), a company incorporated in Japan with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsequent Announcements”	the announcements of the Company dated 25 January 2019, 24 January 2020, 25 January 2021, 30 July 2021, 25 January 2022, 27 January 2023 and 25 January 2024 in relation to, among other things, the extension of the maturity/redemption date and change of interest rate of the 1st Series Bond and 2nd Series Bond
“%”	per cent

LETTER FROM THE BOARD



Okura Holdings Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 01655)

Executive Directors:

Mr. Katsuya YAMAMOTO

Mr. Yutaka KAGAWA

Independent non-executive Directors:

Mr. Kazuyuki YOSHIDA

Ms. Mariko YAMAMOTO

Mr. Masaaki AYRES (alias Gettefeld AYRES)

Registered office and principal

place of business in Hong Kong:

11/F, Admiralty Centre Tower II

18 Harcourt Road

Admiralty, Hong Kong

Headquarters in Japan:

1-5, Sumiyoshimachi

Nagasaki City

Nagasaki Prefecture

Japan 852-8154

30 September 2024

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION FURTHER AMENDMENTS TO THE TERMS AND CONDITIONS OF THE 1ST SERIES BOND

INTRODUCTION

We refer to the announcement of the Company dated 30 July 2024 in relation to the further amendments to the terms and conditions of the 1st Series Bond.

This circular is despatched to the Shareholders for information purposes only and contains, among others, further details of the Second 1st Series Bond Amendment Agreement, the Amendments and the financial and general information of the Group.

LETTER FROM THE BOARD

References are made to (i) the Initial Announcement in relation to the subscription of the 1st Series Bond and the 2nd Series Bond having a face value of JPY500 million each pursuant to the Bond Agreements, and (ii) the Subsequent Announcements in relation to, among other things, the extension of the maturity/redemption date and change of interest rate of the 1st Series Bond and the 2nd Series Bond subscribed by the Company under the Bond Agreements.

BACKGROUND

As set out in the Initial Announcement, the Company (as the subscriber) and Sinwa (as the issuer) entered into the Bond Agreements, pursuant to which, among other things, the Company had subscribed to the 1st Series Bond in the principal amount and face value of JPY500 million, with an interest rate of 3.00% per annum, and maturity/redemption date of 31 July 2021.

As set out in the 1st Series Bond Amendment Announcement, the Company, Sinwa, and the Guarantor entered into the 1st Series Bond Amendment Agreement on 30 July 2021 to, among other things, (i) extend the maturity/redemption date of the 1st Series Bond Agreement from 31 July 2021 to 31 July 2024; (ii) increase the interest rate for the period from 1 August 2021 to 31 July 2024 to 4.00% per annum; and (iii) include the Guarantor as a party to the 1st Series Bond Amendment Agreement to guarantee the repayment obligations of Sinwa in respect of the 1st Series Bond. The principal terms and conditions of the 1st Series Bond Agreement and the amendments thereto are set out in the Initial Announcement and the 1st Series Bond Amendment Announcement.

FURTHER AMENDMENTS TO THE TERMS AND CONDITIONS OF THE 1ST SERIES BOND

The Board is pleased to announce that on 30 July 2024, the Company (as the subscriber), Sinwa (as the issuer) and the Guarantor (as the guarantor) entered into the Second 1st Series Bond Amendment Agreement to further extend the maturity/redemption date of the 1st Series Bond (having a principal amount and face value of JPY500 million) from 31 July 2024 to 31 July 2027.

The terms of the Second 1st Series Bond Amendment Agreement were determined by the parties after arm's length negotiations and are on normal commercial terms. Save for the amendments above, all other principal terms and conditions of the 1st Series Bond under the 1st Series Bond Agreement (as amended by the 1st Series Bond Amendment Agreement) as disclosed in the Initial Announcement and the 1st Series Bond Amendment Announcement remain unchanged, and that:

- (i) the 1st Series Bond remains to be JPY denominated, unsecured and unlisted, transferrable only with the consent of the directors of Sinwa, and having a principal amount and face value of JPY500 million, as disclosed in the Initial Announcement and the 1st Series Bond Amendment Announcement; and

LETTER FROM THE BOARD

- (ii) the interest rate for the period from 1 August 2024 to 31 July 2027 continues to be 4.00% per annum, which is the same as the interest rate as disclosed in the 1st Series Bond Amendment Announcement.

Based on the interest rate of the 1st Series Bond of 4.00% per annum from 1 August 2021 to 31 July 2024, the amount of interest received by the Company under the 1st Series Bond for each of the two financial years ended 30 June 2023 and 2024 was JPY20 million respectively. Besides, based on the existing interest rate of 4.00% per annum, which is payable bi-annually and determined by negotiation between the Company and Sinwa and with reference to interest rate of similar bonds in the market, which generally do not exceed 3.00% per annum, the amount of interest expected to be received by the Company through bank transfer on or before each of 31 July 2025, 31 July 2026 and 31 July 2027 is JPY20 million. The total interest to be received by the Company under the 1st Series Bond from 1 August 2024 to 31 July 2027 is JPY60 million.

CONDITION PRECEDENT

The Second 1st Series Bond Amendment Agreement will take effect subject to the fulfilment of the condition precedent that the Company has obtained shareholders' approval in relation to the transaction contemplated under the Second 1st Series Bond Amendment Agreement in accordance with Rule 14.44 of the Listing Rules on or before 31 July 2024.

As at 30 July 2024, Mr. Katsuya YAMAMOTO is the controlling Shareholder of the Company and is interested in 375,000,000 Shares, representing 62.50% of the entire issued share capital of the Company (in which Mr. Katsuya YAMAMOTO directly held 303,000,000 Shares, representing 50.50% of the entire issued share capital of the Company, and was deemed to be interested in 72,000,000 Shares held by the Foundation by virtue of being the founder of the Foundation, representing 12.00% of the entire issued share capital of the Company, as at 30 July 2024). As at 30 July 2024, the Company has obtained a written Shareholder's approval from Mr. Katsuya YAMAMOTO approving the Second 1st Series Bond Amendment Agreement and the transaction contemplated thereunder in lieu of holding a general meeting of the Company for the approval of the Second 1st Series Bond Amendment Agreement and the transaction contemplated thereunder in accordance with Rule 14.44 of the Listing Rules. As such, the condition precedent has been fulfilled, and the 1st Series Bond Amendment Agreement has become effective on 30 July 2024.

REASONS FOR AND BENEFITS OF THE AMENDMENTS

As mentioned in the Announcements, the Company expects that the subscription of the Bonds will allow the Group to earn a higher yield and diversify its income stream. Taking into account (i) the prolonged decline in the pachinko business coupled with rising cost of living in Japan reducing the disposable income of consumers as disclosed in the Group's interim report for the six months ended 31 December 2023; (ii) the punctual records of interest payments by Sinwa under the Previous Extensions; (iii) the prevailing interest rates for similar bonds in the Japan bond market; (iv) the prevailing low interest rates for fixed deposits offered by reputable banks in Japan; and (v) the additional amount of interest to

LETTER FROM THE BOARD

be received by the Group under the Second 1st Series Bond Amendment Agreement, the Directors consider that the extension of the maturity/redemption date of the 1st Series Bond by three years will continue to generate a stable source of cash flow and income for the Group, which is beneficial to the Group's financial position, particularly when the Group intends to continue to diversify its income stream. Accordingly, the Directors consider that the terms of the Second 1st Series Bond Amendment Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The Company has agreed to maintain the interest rate of the 1st Series Bond to be 4.00% per annum, as it is generally higher than the interest rate of similar bonds in the market and there are no significant changes to the Company's financial costs. Should there be any changes in the financial conditions of the Company in the future, the Company will reconsider the interest rate of the 1st Series Bond upon the maturity of the 1st Series Bond under the Second 1st Series Bond Amendment Agreement.

Before entering into the Second 1st Series Bond Amendment Agreement, the Company had performed various due diligence checks to ensure the credibility of Sinwa and the Guarantor in terms of their ability to repay the 1st Series Bond, such checks include obtaining the latest financial information of Sinwa to review its financial and cash position and ensure that it has sufficient cash to repay the 1st Series Bond, independently interviewing senior officers of Sinwa and the Guarantor to question them on the business operations and financial positions of Sinwa and the Guarantor (where applicable) and to among others, ensure that there is no material negative issue on such operations and positions, and conducting independent background checks and online searches to ascertain that there are no negative news or potential litigation concerning the financial positions and management of Sinwa and the Guarantor based on those searches. On the basis that the due diligence conducted by the Company can effectively assess Sinwa and the Guarantor's financial positions and their respective ability to repay the 1st Series Bond, and to support that the risk of Sinwa and the Guarantor failing to repay the interest of the 1st Series Bond according to the Second 1st Series Bond Amendment Agreement is relatively low, the Directors are of the view that the due diligence performed by the Company is sufficient to safeguard the Company in relation to this transaction.

LISTING RULES IMPLICATIONS

The entering into of the Second 1st Series Bond Amendment Agreement, on a standalone basis, constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules since one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Second 1st Series Bond Amendment Agreement exceed 5% but are all below 25%.

As set out in the announcement of the Company dated 25 January 2024, the Company, Sinwa and the Guarantor entered into the 6th Amendment Agreement to, among other things, further extend the maturity/redemption date of the 2nd Series Bonds. As the 6th Amendment Agreement and the Second 1st Series Bond Amendment Agreement are entered into by the Company with the same parties within a 12-month period of each other, the

LETTER FROM THE BOARD

transactions contemplated under the 6th Amendment Agreement and the Second 1st Series Bond Amendment Agreement will be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Second 1st Series Bond Amendment Agreement, when aggregated with the 6th Amendment Agreement, exceed 25% but are all less than 100%, the transaction contemplated under the Second 1st Series Bond Amendment Agreement constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirement under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder or any of their respective associates have any material interest in the Second 1st Series Bond Amendment Agreement and the transactions contemplated thereunder, and as such, no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of Second 1st Series Bond Amendment Agreement and the transactions contemplated thereunder. In addition, the Company has obtained written Shareholder's approval for the transaction contemplated under the Second 1st Series Bond Amendment Agreement in accordance with Rule 14.44 of the Listing Rules from Mr. Katsuya YAMAMOTO, the controlling Shareholder, which is interested in 375,000,000 Shares, representing 62.50% of the entire issued capital of the Company as at 30 July 2024 (in which Mr. Katsuya YAMAMOTO directly held 303,000,000 Shares, representing 50.50% of the entire issued share capital of the Company, and was deemed to be interested in 72,000,000 Shares held by the Foundation by virtue of being the founder of the Foundation, representing 12.00% of the entire issued share capital of the Company, as at 30 July 2024). On the basis that (i) no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the transaction contemplated under the Second 1st Series Bond Amendment Agreement; and (ii) the written Shareholder's approval of Mr. Katsuya YAMAMOTO for the transaction contemplated under the Second 1st Series Bond Amendment Agreement has been obtained, no extraordinary general meeting will be convened for the purpose of approving the transaction contemplated under the Second 1st Series Bond Amendment Agreement as permitted under Rule 14.44 of the Listing Rules.

EFFECT OF THE AMENDMENTS

Earnings

As disclosed in the Company's interim report for the six months ended 31 December 2023, the Group recorded unaudited profit for the period of approximately JPY1,092 million. Upon the Amendments becoming effective, it is expected that the earnings of the Group would be impacted by the interest income generated from the 1st Series Bond. The 1st Series Bond bears interest at the rate of 4.00% per annum for the period from 1 August 2024 to 31 July 2027 on the outstanding principal amount of JPY500 million of the 1st Series Bond, thus it is estimated that the interest income accrued for the said period will be approximately JPY60 million.

LETTER FROM THE BOARD

Assets and Liabilities

As disclosed in the Company's interim report for the six months ended 31 December 2023, the unaudited total assets of the Group was approximately JPY18,129 million and the unaudited total liabilities of the Group was approximately JPY11,300 million as at 31 December 2023. It is expected that the Amendments will have no immediate material impact on the total assets and total liabilities of the Group.

INFORMATION OF THE PARTIES

Information on Sinwa

Sinwa is a company incorporated under the laws of Japan and headquartered in Fukuoka, Japan, engaging in the business of commercial and consumer finance. Based on information provided by Sinwa to the Company, Sinwa is an indirect wholly-owned subsidiary of Everglory Group, which in turn is held as to 45% by CHANG Cheng Wen, and each of all the other beneficial owners of Everglory Group holds less than 30% of the issued shares of Everglory Group. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Sinwa and its ultimate beneficial owners (i.e., CHANG Cheng Wen and the other beneficial owners as aforementioned) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Information on the Guarantor

The Guarantor is a company incorporated under the laws of Japan and headquartered in Tokyo, Japan, principally engaged in investment and financial advisory businesses in Japan. Based on information provided by the Guarantor to the Company, the Guarantor is a direct wholly-owned subsidiary of Everglory Group, which in turn is held as to 45% by CHANG Cheng Wen, and each of all the other beneficial owners of Everglory Group holds less than 30% of the issued shares of Everglory Group. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Guarantor and its ultimate beneficial owners (i.e., CHANG Cheng Wen and the other beneficial owners as aforementioned) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Information on the Group

The Company is an investment holding company. The Group is principally engaged in the business of operating pachinko halls in Japan. The Group is currently operating 10 pachinko and pachislot halls in the Kyushu, Kanto, Kansai and Chugoku regions in Japan under the trading names "Big Apple.", "K's Plaza" and "SENKURA".

LETTER FROM THE BOARD

RECOMMENDATION

Although no general meeting of the Company will be convened for the approval of the Second 1st Series Bond Amendment Agreement and the transactions contemplated thereunder, the Board considers that the terms of the Second 1st Series Bond Amendment Agreement are on normal commercial terms, are fair and reasonable and are in the interest of the Company and the Shareholders as a whole. Accordingly, if a general meeting of the Company was convened for the approval of the Second 1st Series Bond Amendment Agreement and the transactions contemplated thereunder, the Board would have recommended that all Shareholders vote in favour of the resolutions to approve the Second 1st Series Bond Amendment Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the year ended 30 June 2021 is disclosed in the 2021 annual report of the Company (pages 70 to 137) which is available on the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1018/2021101800288.pdf>

The financial information of the Group for the year ended 30 June 2022 is disclosed in the 2022 annual report of the Company (pages 75 to 153) which is available on the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1020/2022102000288.pdf>

The financial information of the Group for the year ended 30 June 2023 is disclosed in the 2023 annual report of the Company (pages 77 to 157) which is available on the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/1019/2023101900215.pdf>

The financial information of the Group for the six months ended 31 December 2023 is disclosed in the 2024 interim report of the Company (pages 25 to 50) which is available on the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0319/2024031900374.pdf>

2. INDEBTEDNESS

As at the close of business on 5 August 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the publication of this circular and based on the unaudited management accounts of the Group as at 5 August 2024, the Group had (i) secured and guaranteed bank borrowings of approximately JPY301 million; (ii) secured and unguaranteed bank borrowings of approximately JPY3,263 million; (iii) unsecured and guaranteed bank borrowings of approximately JPY129 million; (iv) unsecured and unguaranteed government borrowings of approximately JPY1,263 million; and (v) lease liabilities balance of approximately JPY3,053 million.

As at 5 August 2024, the Company had pledged assets, including (i) property, plant and equipment, (ii) investment properties, and (iii) listed securities, in the sum of approximately JPY7,523 million to secure certain general banking facilities of the Group in the amount of approximately JPY11,036 million.

Save as disclosed above, as at the close of business on 5 August 2024, the Company did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances or acceptances credits, hire purchase commitments, debentures, mortgages, charges, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors, after due and careful considerations, are of the opinion that, after taking into account the cash flow generated from the operating activities, the financial resources available to the Group including cash and cash equivalent on hand, the internally generated funds and the existing facilities, the Group has, in the absence of unforeseeable circumstances, sufficient working capital for its present requirement for the next 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Although the past financial years have been challenging for Japan's pachinko industry overall due to the outbreak of COVID-19, the Group's operational and financial performance has managed to recover for the year ended 30 June 2024 as a result of the management's efforts in voluntarily implementing safety measures to ensure the health and safety of customers at its pachinko and pachislot halls, prioritising the Group's resources in the recovery of customer traffic, and taking proactive steps to update its pachinko and pachislot machines that are compatible with the new banknotes. As the Group considers that many customers have become more concerned with personal hygiene following the outbreak of COVID-19, it has implemented various measures to assure the health and safety of its customers who come to their pachinko and pachislot halls. For instance, the Company has adopted a new prize-exchange system called "Self-POS System" at several of its pachinko and pachislot halls which enables customers to exchange their prizes on their own without requiring the assistance of the Group's staff, thereby reducing the need for human interaction between the Group's staff and the customers. The introduction of the Self-POS system together with the smart slot machines and smart pachinko machines have also greatly contributed to the improvement in work efficiency and reduced the number of manpower required at the Group's pachinko and pachislot halls.

The management will continue to adopt the above strategies and consider introducing and installing further new models of pachinko and pachislot machines in order to encourage customer traffic and speed up the further recovery of the Group's operations. Further, it was announced in Japan that new banknotes will be issued in July 2024. Pachinko hall operators nationwide are now taking steps to update their pachinko and pachislot machines for the new banknotes, which generally imposes a significant financial burden on them due to the high expenses involved. However, as the Group has taken proactive steps to update its pachinko and pachislot machines that are compatible with the new banknotes early on, it has nearly completed the necessary large-scale capital investment, such as the installation of the necessary peripheral devices and software catered for the new banknotes during the year ended 30 June 2024. As there were no future plans for any major capital investment as at the Latest Practicable Date, the Group expects its operational and financial performance to continue to improve steadily and smoothly in the future. The Group will continue to explore new opportunities to diversify into other business segments to expand the Group's sources of revenue.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations

Save as disclosed below and to the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required 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 in which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

Name	Capacity/nature of interest	Number of Shares	Approximate percentage of shareholding in the total issued share capital of the Company
Mr. Katsuya YAMAMOTO	Beneficial interest	303,000,000	50.50%
(Note 1)	Founder of a discretionary trust	72,000,000 (Note 2)	12.00%

Notes:

1. Mr. Katsuya YAMAMOTO is an executive Director, the Chief Executive Officer of the Company and the Chairman of the Board.
2. By virtue of the SFO, Mr. Katsuya YAMAMOTO is deemed to be interested in the 72,000,000 Shares held by the Foundation.

(ii) Interests and short positions of the substantial Shareholders and other persons in the Shares and underlying Shares of the Company

Save as disclosed below, as at the Latest Practicable Date, the Directors were not aware of any persons or entities (other than a Director or the chief executive of the Company) who/which had or were deemed to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register required to be kept by the Company under Section 336 of the SFO.

Name	Capacity/nature of interest	Number of Shares	Approximate percentage of shareholding in the total issued share capital of the Company
Ichikura Limited	Beneficial owner	72,000,000	12.00%
The Foundation	Interest in a controlled corporation	72,000,000 (Note 1)	12.00%
Corfiducia Anstalt	Trustee of the Foundation	72,000,000 (Note 2)	12.00%
Mr. Josef SPRECHER	Trustee of the Foundation	72,000,000 (Note 2)	12.00%

Notes:

1. As Ichikura Limited is wholly-owned by the Foundation, the Foundation is deemed to be interested in the Shares held by Ichikura Limited.
2. By virtue of being members of the board of trustees of the Foundation, Corfiducia Anstalt and Mr. Josef SPRECHER are deemed to be interested in the Shares held by Ichikura Limited.

Save as disclosed above and to the best knowledge of the Directors, as at the Latest Practicable Date, no Director or proposed Director is a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Group which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as disclosed in the annual report of the Company dated 19 October 2023, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 June 2023 (being the date to which the latest published audited consolidated accounts of the Company have been made up).

5. COMPETING INTERESTS

Mr. Katsuya YAMAMOTO, an executive Director and controlling Shareholder of the Company, acquired the entire interests in Palazzo Co., Ltd. ("**Palazzo**", together with its subsidiaries, "**Palazzo Tokyo Plaza Group**") on 1 April 2021. Based on the information provided by Mr. Katsuya YAMAMOTO, as of July 2024, Palazzo Tokyo Plaza Group is principally engaged in the business of operating 23 pachinko halls in geographical locations mainly in the Kanagawa prefecture, Tokyo (excluding Chiyoda-ku), Saitama prefecture, Chiba prefecture, Osaka prefecture and Hiroshima prefecture in Japan. Mr. Katsuya YAMAMOTO has been appointed as a director of Palazzo and its certain subsidiaries, and Mr. Yutaka KAGAWA, an executive Director, has been appointed as a director of Palazzo and one of its subsidiaries, since 1 April 2021. The Group is also principally engaged in the business of operating pachinko halls in Chiyoda-ku of Tokyo, Nagasaki prefecture, Hyogo prefecture and Yamaguchi prefecture in Japan which are in geographical locations segregated from those of Palazzo Tokyo Plaza Group's operations.

The Directors consider that, having taken into account factors including the following, the Company is capable of carrying on its business independently of, and at arm's length from Palazzo Tokyo Plaza Group's business:

- (i) the Company has established corporate governance procedures to ensure the business opportunities and performance of the Group are independently assessed and reviewed from time to time;

- (ii) all the Directors are fully aware of their fiduciary duties and confidentiality obligations to the Group, and have acted and will continue to act in the best interest of the Company and the Shareholders as a whole by abstaining from voting on any matter where there is or may be a conflict of interest in accordance with the Company's memorandum and articles of association;
- (iii) all the major and important corporate actions and business decisions of the Company are and will be fully deliberated by the Board. The Board also includes three independent non-executive Directors whose views carry significant weight in the Board's decisions. Therefore, the Board makes decisions independently from the board of directors of Palazzo and neither Mr. Katsuya YAMAMOTO nor Mr. Yutaka KAGAWA can personally control the Board; and
- (iv) the Audit Committee, which consists of three independent non-executive Directors, meets regularly to assist the Board in reviewing the financial performance, internal control and compliance systems of the Group.

Save as disclosed above, as at the date of this circular, none of the Directors and their respective close associates (as defined in the Listing Rules) had any interest in any business (apart from the Group's businesses) which competes or may compete, either directly or indirectly, with the business of the Group.

6. DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

As at the Latest Practicable Date:

- (i) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement, which was significant in relation to the business of the Group; and
- (ii) none of the Directors nor their respective associates had any direct or indirect interests in any assets which had been acquired or disposed by or leased to, any member of the Group since 30 June 2023, being the date to which the latest published audited consolidated accounts of the Company were made up.

7. LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, the Group was not engaged in any litigation, arbitration or claims of material importance, and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACT

The following contracts (not being in the ordinary course of business of the Group) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date that are or may be material:

- (i) On 27 January 2023, the Company, Sinwa and the Guarantor entered into the 5th Amendment Agreement, to (a) further extend the maturity/redemption date of the 2nd Series Bond (having a principal amount and face value of JPY500 million with a total interest amounting to approximately JPY20 million per annum based on the existing interest rate of 4.00% per annum) from 31 January 2023 to 31 January 2024, and (b) specify that the interest accrued from the day following 31 January 2023 to 31 January 2024 shall be payable on or before 31 January 2024. For details, please refer to the Company's announcement dated 27 January 2023;
- (ii) On 9 November 2023, G.K. Shunan Kaihatsu and K's Property entered into an acquisition agreement, pursuant to which the K's Property has agreed to purchase and G.K. Shunan Kaihatsu has agreed to sell the trust beneficial interest with the properties, being three parcels of land situated at Azakaisakuminami, Oazakuriya, Shunan-Shi, Yamaguchi Prefecture, Japan, together with an irrigation channel and a four-story building and a single-story warehouse erected on such parcels of land, as the underlying entrusted asset, at a consideration of JPY935,422,661 (inclusive of consumption tax), subject to adjustments. For details, please refer to the Company's announcement dated 9 November 2023. The acquisition was completed on 9 November 2023;
- (iii) On 25 January 2024, the Company, Sinwa and the Guarantor entered into the 6th Amendment Agreement, to (a) further extend the maturity/redemption date of the 2nd Series Bond (having a principal amount and face value of JPY500 million with a total interest amounting to approximately JPY20 million per annum based on the existing interest rate of 4.00% per annum) from 31 January 2024 to 31 January 2027, and (b) specify that the interest accrued from the day following 31 January 2024 to 31 January 2027 (inclusive of that date) shall be payable annually on or before 31 January 2025, 31 January 2026 and the 31 January 2027. For details, please refer to the Company's announcement dated 25 January 2024; and
- (iv) On 25 April 2024, Okura Japan and K's Property entered into an agreement in relation to an internal restructuring, pursuant to which K's Property shall merge with Okura Japan in the form of an absorption-type merger. As this is an internal restructuring, no consideration was involved. For details, please refer to the Company's announcement dated 26 April 2024. The merger was completed on 21 June 2024.

9. GENERAL

The company secretary of the Company is Mr. MAN Yun Wah, who is a director of In.Corp Corporate Services (HK) Limited, and an associate member of The Chartered Governance Institute and the Hong Kong Institute of Company Secretaries.

10. DOCUMENTS ON DISPLAY

Copies of the 1st Series Bond Agreement, the 1st Series Bond Amendment Agreement and the Second 1st Series Bond Amendment Agreement and this circular will be published and displayed on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.okura-holdings.com>) for a period of 14 days from the date of this circular.

11. MISCELLANEOUS

In the event of any inconsistency, the English version of this circular shall prevail over the Chinese version.