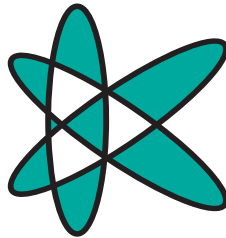


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## **OKURA HOLDINGS LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 01655)**

### **DISCLOSEABLE TRANSACTION ACQUISITION OF TARGET ASSETS**

The Board is pleased to announce that on 6 July 2017, the Purchaser (an indirectly wholly-owned subsidiary of the Company) entered into the Acquisition Agreement, pursuant to which the Purchaser has agreed to purchase and Vendor has agreed to sell all the beneficiary rights associated with the Target Assets situated in Nagasaki City, Japan, at a consideration of JPY1,477,360,000 (equivalent to approximately HKD103,415,200), including tax.

As one or more of the applicable percentage ratios in respect of the Acquisition Agreement exceed 5% but are below 25%, the Acquisition Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

### **INTRODUCTION**

The Board is pleased to announce that on 6 July 2017, the Purchaser (an indirectly wholly-owned subsidiary of the Company) entered into the Acquisition Agreement, pursuant to which the Purchaser has agreed to purchase and Vendor has agreed to sell all the beneficiary rights associated with the Target Assets situated in Nagasaki City, Japan, at a total consideration of JPY1,477,360,000 (equivalent to approximately HKD103,415,200), including tax.

## THE ACQUISITION AGREEMENT

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

(1) **Date**

6 July 2017

(2) **Parties**

- (a) K's Property Co., Ltd., an indirectly wholly-owned subsidiary of the Company, as the purchaser; and
- (b) Orix Corporation, as the vendor.

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

(3) **Information on the Target Assets**

The particulars of the Target Assets are as follows:

- (a) a parcel of land situated at Lot 14-41, Motofunamachi, Nagasaki City, Japan, with a total area of approximately 1,654 square metres (the "**Land**"); and
- (b) a six-storey building erected on the Land with a total gross floor area of approximately 8,187 square metres (the "**Building**").

As at the date of this announcement, the Target Assets are held on trust by the Trustee pursuant to the Trust Agreement for the benefit of the Vendor. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Trustee and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Currently, the Building is leased to the Purchaser under the lease agreement which shall expire on 31 March 2027 for an annual rental of JPY288 million. The first and second floors of the Building ("**Hall Premises**") are occupied by the Group for the operation of the pachinko hall and the other floors of the Building are operated by the Group as a car parking lot.

#### **(4) Consideration and payment terms**

The Consideration comprises JPY433,000,000 (equivalent to approximately HKD30,310,000), JPY967,000,000 (equivalent to approximately HKD67,690,000) and JPY77,360,000 (equivalent to approximately HKD5,415,200) in respect of the Land, the Building and the value of consumption tax and local consumption tax, respectively. The Consideration shall be settled in the following manner:

- (a) on the date of the Acquisition Agreement, the Purchaser shall pay an amount equivalent to 10% of the Consideration, being JPY147,736,000 as the refundable deposit which forms part of the Consideration; and
- (b) on the date of completion of the Acquisition, the Purchaser shall pay the remaining 90% of the Consideration.

The Consideration was determined between the parties after arm's length negotiations and on normal commercial terms, taking into account (i) the valuation of the Target Assets conducted by an independent third party property valuer of approximately JPY1.75 billion as at 31 March 2017, (ii) the current market conditions, (iii) the location and condition of the Target Assets, and (iv) the expected rental income and the potential growth of rental and values. 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 bank loans.

#### **(5) Condition precedent**

The completion of the Acquisition is subject to the Purchaser obtaining the written consent from the Trustee in relation to the Acquisition.

#### **(6) Completion**

Completion of the Acquisition is expected to take place on or before 9 August 2017, following the satisfaction or waiver of the condition precedent, or on such other date as the parties may agree. The trust arrangement will be terminated upon completion of the Acquisition.

### **REASONS FOR THE ACQUISITION**

The Group is principally engaged in the business of operating pachinko halls in Japan. The Group is currently operating 18 pachinko halls in the Kyushu, Kanto, Kansai and Chugoku regions in Japan.

As at the date of this announcement, the Group leased the Building 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 Building, (ii) eliminate the potential risks of the Group failing to renew the existing lease for the Hall Premises upon its expiry in the future, (iii) avoid the possible increase in rents for the Hall Premises upon the expiry of the existing lease agreement, and (iv) generate rental income from the leasing of the Building other than the Hall Premises as and when the Group sees fit.

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.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Acquisition Agreement exceed 5% but are below 25%, the Acquisition Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

### **INFORMATION ON THE VENDOR**

The Vendor is a public company, incorporated under the laws of the Japan with limited liability, and listed on both the Japan Stock Exchange (stock code: 85910) and the New York Stock Exchange (stock code: IX). The Vendor is one of Japan's largest and most innovative financial services companies, providing a broad range of commercial and consumer finance products and services. The scope of its business includes leasing, lending, investment, life insurance, banking, asset management, automobile related, real estate, and environment and energy-related business.

### **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 18 pachinko halls in the Kyushu, Kanto, Kansai and Chugoku regions in Japan. The Purchaser was incorporated under the laws of Japan, and is an indirectly wholly-owned subsidiary of the Company mainly for holding the real estate properties used in the Group's business operations.

## DEFINITIONS

“Acquisition”	the acquisition of the beneficiary rights of the Target Assets by the Purchaser from the Vendor pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the agreement dated 6 July 2017 entered into by the Purchaser and the Vendor in respect of the Acquisition
“Board”	the board of directors of the Company
“Company”	Okura Holdings Limited (Stock Code: 01655)
“Consideration”	the total consideration of the Acquisition in the sum of JPY1,477,360,000 (equivalent to approximately HKD103,415,200)
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HKD”	Hong Kong Dollar, the lawful currency of Hong Kong
“JPY”	Japanese Yen, the lawful currency of Japan
“Listing Rules”	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
“Purchaser”	K’s Property Co., Ltd., an indirectly wholly-owned subsidiary of the Company
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules

“Target Assets”	the land and the building erected on the land situated at Lot 14-41, Motofunamachi, Nagasaki City, Japan
“Trust Agreement”	the trust agreement dated 26 June 2014 entered into between the Vendor as the beneficiary owner and the Trustee as the trustee
“Trustee”	Orix Banking Corporation, a company incorporated under the laws of Japan and an independent third party of the Company
“Vendor”	Orix Corporation (JPX stock code: 85910) (NYSE: IX), a company under the laws of Japan 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, 6 July 2017

*For the purpose of this announcement and for illustrative purpose only, amounts denominated in JPY in this announcement have been converted into HKD at an exchange rate of JPY1.00: HKD0.07.*

*As at the date of this announcement, the Board comprises seven Directors, of which (i) four are executive Directors, namely Mr. Katsuya YAMAMOTO, Mr. Fumihide HAMADA, Mr. Yutaka KAGAWA and Mr. Toshiro OE; and (ii) three are independent non-executive Directors, namely Mr. Mitsuru ISHII, Mr. Yuji MATSUZAKI and Mr. Takamasa KAWASAKI.*