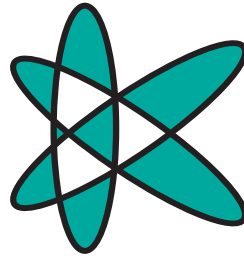

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If you have sold or transferred all your shares in Okura Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through 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 AMENDMENTS OF THE TERMS AND CONDITIONS OF THE SUBSCRIPTION 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 9 of this circular.

29 October 2021

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DEFINITIONS

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

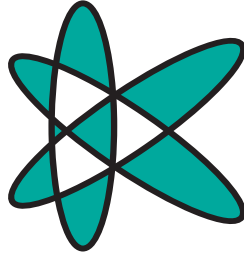
“1st Series Bond”	a bond in the principal amount and face value of ¥500,000,000, with an interest rate of 3.00% per annum, and maturity/redemption date of 31 July 2021
“1st Series Bond Agreement”	the agreement dated 26 July 2018, and entered into by the Company and Sinwa in relation to the subscription 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 of the 1st Series Bond Agreement
“2nd Series Bond”	a bond in the principal amount and face value of ¥500,000,000, with an interest rate of 3.00% per annum, and maturity/redemption date of 31 January 2019
“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
“Amendments”	the proposed amendments to the terms and conditions as set out in the 1st Series Bond Amendment Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bond Agreements”	the 1st Series Bond Agreement and the 2nd Series Bond Agreement
“Bonds”	the 1st Series Bond and the 2nd Series Bond
“Business Day”	a day on which banks in Hong Kong are generally open for business (other than Saturday, Sunday, a public holiday, or a day on which banks do not open for business owing to a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal being in force in Hong Kong)
“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

DEFINITIONS

“Director(s)”	the director(s) of our Company
“Everglory Group”	Everglory Group Pte. Ltd., a company incorporated in Singapore with limited liability
“Group”	our Company and our subsidiaries
“Guarantor”	Everglory Capital Co., Ltd. (株式会社エバークローリー・キャピタル), a company incorporated in Japan with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected to the Company and any of its connected persons or any of their respective associates
“Initial Announcement”	the announcement of the Company dated 26 July 2018 in relation to the subscription of the Bonds
“K’s Property”	K’s Property Co., Ltd., an indirectly wholly-owned subsidiary of the Company
“Latest Practicable Date”	27 October 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Nissei Build”	Nissei Build Kogyo Co., Ltd.
“PRC”	the People’s Republic of China
“Second Amendment Agreement”	the second amendment agreement to the 2nd Series Bond Agreement entered into by the Company and Sinwa in relation to the amendments of the terms and conditions of the 2nd Series Bond Agreement, details of which are disclosed in the announcement of the Company dated 24 January 2020
“Share(s)”	ordinary share(s) of our 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

DEFINITIONS

“Subsequent Announcements”	the announcements of the Company dated 25 January 2019, 24 January 2020 and 25 January 2021 in relation to, among other things, the extension of the maturity/redemption date and change of interest rate of the 2nd Series Bond
“Third Amendment Agreement”	the third amendment agreement to the 2nd Series Bond Agreement entered into by the Company and Sinwa in relation to the amendments of the terms and conditions of the 2nd Series Bond Agreement, details of which are disclosed in the announcement of the Company dated 25 January 2021
“%”	per cent
“¥”	Japanese Yen, the lawful currency of Japan



Okura Holdings Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 01655)

Executive Directors:

Mr. Katsuya YAMAMOTO
Mr. Fumihide HAMADA
Mr. Yutaka KAGAWA
Mr. Toshiro OE

*Registered office and principal place of
business in Hong Kong:*

11/F, Admiralty Centre Tower II
18 Harcourt Road
Admiralty, Hong Kong

Independent non-executive Directors:

Mr. Mitsuru ISHII
Mr. Yuji MATSUZAKI
Mr. Kazuyuki YOSHIDA

Headquarters in Japan:

7/F, 13-10 Motofuna-machi
Nagasaki City
Nagasaki Prefecture
Japan 850-0035

Hong Kong Share Registrar and transfer office:

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

29 October 2021

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

We refer to the announcement of the Company dated 30 July 2021 in relation to the amendments of the terms and conditions of the subscription of the 1st Series Bond.

LETTER FROM THE BOARD

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

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 ¥500,000,000 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 2nd Series Bond subscribed by the Company under the 2nd Series Bond Agreement.

As set out in the Initial Announcement, the Company (as the subscriber) and Sinwa (as the issuer) entered into the Bond Agreements. Pursuant to the 1st Series Bond Agreement of the Bond Agreements, the Company had subscribed to the 1st Series Bond in the principal amount and face value of ¥500,000,000, with an interest rate of 3.00% per annum, and maturity/redemption date of 31 July 2021. The principal terms and conditions of the 1st Series Bond Agreement are set out in the Initial Announcement.

AMENDMENTS TO THE 1ST SERIES BOND AGREEMENT

The Board is pleased to announce that on 30 July 2021, the Company (as the subscriber), Sinwa (as the issuer) and the Guarantor (as the guarantor) entered into the 1st Series Bond Amendment Agreement, pursuant to which certain terms and conditions of the 1st Series Bond Agreement were amended as follows:

- (i) the maturity/redemption date shall be extended from 31 July 2021 to 31 July 2024 with no early redemption option, provided that the interests accrued prior to 31 July 2021 shall be payable to the Company on or before 31 July 2021;
- (ii) the interest rate for the period from 1 August 2021 to 31 July 2024 shall be increased to 4.00% per annum; and
- (iii) the Guarantor, which is an independent third party of the Company and its connected persons, shall be included as a party to the 1st Series Bond Amendment Agreement and shall guarantee the repayment obligations of Sinwa in respect of the 1st Series Bond.

CONDITION PRECEDENT

The 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 1st Series Bond Amendment Agreement in accordance with Rule 14.44 of the Listing Rules on or before 31 July 2021.

As at 30 July 2021, Mr. Katsuya YAMAMOTO is the controlling shareholder of the Company and is beneficially interested in 375,000,000 shares of the Company, representing 75.00% of the entire issued share capital of the Company. As at 30 July 2021, the Company has obtained a written shareholder's approval from Mr. Katsuya YAMAMOTO approving

LETTER FROM THE BOARD

the 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 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 2021.

OTHERS

Based on the original interest rate of the 1st Series Bond of 3.00% per annum, the interest received by the Company during the two financial years ended 30 June 2021 is approximately ¥15,000,000 per year. Besides, the interests accrued under the 1st Series Bond Agreement prior to 31 July 2021 had been paid by Sinwa to the Company by 31 July 2021.

Based on the new interest rate of 4.00% per annum, which is payable bi-annually and determined by negotiation with Sinwa and with reference to interest rate of similar bonds in the market, the amount of interest expected to be received by the Company during the period from 1 August 2021 to 31 July 2024 is ¥60,000,000.

The terms of the 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 terms and conditions of the 1st Series Bond under the 1st Series Bond Agreement remain unchanged.

REASONS FOR THE AMENDMENTS

As mentioned in the Initial Announcement and Subsequent Announcements, the Company expects that the subscription of the Bonds will allow the Group to capture foreign exchange gains and to earn a higher yield. In light of the ongoing uncertainty in the pachinko industry, which has been worsened by the outbreak of COVID-19 as disclosed in the Group's interim report for the six months ended 31 December 2020 and annual report for the year ended 30 June 2020, the Directors consider the additional amount of interest to be received by the Group pursuant to the extension of the maturity date and the increase in interest rate under the 1st Series Bond Amendment Agreement will continue to generate a stable source of cash flow and income for the Group, which are beneficial to the Group's financial position, particularly when the Group's pachinko business has been struggling to cope with the continuing disruption caused by COVID-19. The addition of the Guarantor to guarantee the repayment obligations of Sinwa in respect of the 1st Series Bond is also favourable to the Company. The Directors considered that the terms of the 1st Series Bond Amendment Agreement are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

LETTER FROM THE BOARD

Before entering into the 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, which 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 the business operations and financial positions of Sinwa and the Guarantor (where applicable), and conducting independent background checks and online searches to ascertain that there are no negative news concerning the financial positions and management of Sinwa and the Guarantor based on those searches.

LISTING RULES IMPLICATIONS

The entering into of the 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 transaction under the 1st Series Bond Amendment Agreement exceed 5% but are all below 25%.

As set out in the announcement of the Company dated 25 January 2021, the Company, Sinwa and the Guarantor entered into the Third Amendment Agreement to, among other things, further extend the maturity/redemption date of the 2nd Series Bond. As the Third Amendment Agreement and the 1st Series Bond Amendment Agreement are entered into by the Company with the same parties within a 12-month period of each other, the transactions contemplated under the Third Amendment Agreement and the 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 transaction under the 1st Series Bond Amendment Agreement, when aggregated with the transaction under the Third Amendment Agreement, exceed 25% but are all less than 100%, the transaction contemplated under the 1st Series Bond Amendment Agreement when aggregated with the transaction under the Third Amendment Agreement constitutes a major transaction 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 of the Company or any of their respective associates have any material interest in the 1st Series Bond Amendment Agreement and the transaction contemplated thereunder, and as such, no shareholder of the Company would be required to abstain from voting if the Company were to convene a general meeting for the approval of 1st Series Bond Amendment Agreement and the transaction contemplated thereunder. In addition, the Company has obtained written approval for the transaction contemplated under the 1st Series Bond Amendment Agreement in accordance with Rule 14.44 of the Listing Rules from Mr. Katsuya YAMAMOTO, the controlling shareholder of the Company, which is beneficially interested in 375,000,000 shares of the Company, representing 75.00% of the entire issued capital of the Company as at 30 July 2021. On the

LETTER FROM THE BOARD

basis that (i) no shareholder of the Company 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 1st Series Bond Amendment Agreement; and (ii) the written shareholder's approval of Mr. Katsuya YAMAMOTO for the transaction contemplated under the 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 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 2020, the Group recorded unaudited profit for the period of approximately ¥23 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 2021 to 31 July 2024 on the outstanding principal amount of ¥500,000,000 of the 1st Series Bond, thus it is estimated that the interest income accrued for the said period will be approximately ¥60 million.

Assets and Liabilities

As disclosed in the Company's interim report for the six months ended 31 December 2020, the unaudited total assets of the Group was approximately ¥23,097 million and the unaudited total liabilities of the Group was approximately ¥19,022 million as at 31 December 2020. 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 hold less than 30% of the issued shares of Everglory Group. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Sinwa and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

LETTER FROM THE BOARD

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 hold 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 owner(s) are third parties independent of the Company and its connected persons.

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 12 pachinko halls in the Kyushu, Kanto, Kansai and Chugoku regions in Japan.

RECOMMENDATION

Although no general meeting of the Company will be convened for the approval of the 1st Series Bond Amendment Agreement and the transactions contemplated thereunder, the Board considers that the terms of the 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 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 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 2018 is disclosed in the 2018 annual report of the Company (pages 57 to 140) which is available on the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/1016/ltn20181016245.pdf>

The financial information of the Group for the year ended 30 June 2019 is disclosed in the 2019 annual report of the Company (pages 57 to 136) which is available on the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1016/ltn20191016043.pdf>

The financial information of the Group for the year ended 30 June 2020 is disclosed in the 2020 annual report of the Company (pages 59 to 140) which is available on the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1015/2020101500322.pdf>

The financial information of the Group for the six months ended 31 December 2020 is disclosed in the 2021 interim report of the Company (pages 18 to 44) which is available on the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0318/2021031800560.pdf>

The financial information of the Group for the year ended 30 June 2021 is disclosed in the 2021 annual report of the Company (pages 64 to 140) which is available on the following hyperlink:

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

2. INDEBTEDNESS

As at the close of business on 3 September 2021, 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 3 September 2021, the Group had (i) secured and guaranteed bank borrowings of approximately ¥228 million; (ii) secured and unguaranteed bank borrowings of approximately ¥3,724 million; (iii) unsecured and guaranteed bank borrowings of approximately ¥16 million; (iv) unsecured and unguaranteed bank borrowings of approximately ¥560 million; (v) unsecured and unguaranteed government borrowings of approximately ¥750 million; (vi) secured and unguaranteed bonds of approximately ¥65 million; (vii) unsecured and guaranteed finance lease of approximately ¥93 million; and (viii) unsecured and unguaranteed finance lease of approximately ¥273 million.

The value of outstanding bonds issued by the Group as at 3 September 2021 is ¥65 million.

As at 3 September 2021, the Company had pledged assets, including (i) property, plant and equipment, (ii) investment properties, and (iii) listed securities, in the sum of approximately ¥6,987 million to secure certain general banking facilities of the Group in the amount of ¥4,017 million.

Save as disclosed above, as at the close of business on 3 September 2021, 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

The pachinko industry in Japan has been suffering a continuing contraction in recent years due to increasing competition from other forms of entertainment in Japan and the introduction of measures to curb the gaming element in pachinko and pachislot games. In particular, since the outbreak of COVID-19 in Japan in January 2020, the pachinko industry has been struggling to cope with further worsened business conditions which may accelerate the industry's decline. The Group's pachinko halls recorded a significant decline in pachinko and pachislot players due to the temporary closure of all entertainment facilities (including pachinko halls) in mid-April 2020 and May 2020, following the Japanese prefectural governments' attempts to contain the local spread of COVID-19 in Japan. The Group only gradually resumed its business operations since June 2020.

Furthermore, the "Regulations to Partially Amend Regulations on the Entertainment and Amusement Trades Rationalising Act and Regulations on Certifying Machines and Conducting Type Test on Machines" issued by the National Public Safety Commission of Japan on 1 February 2018 (the "**2018 Regulations**") has continued to have an adverse impact on the pachinko and pachislot industry by reducing the attractiveness of the game and contributing to the continuous decline of pachinko and pachislot players, as pachinko and pachislot machines with a higher gaming element are required to gradually phase out of the pachinko industry in batches by the end of January 2021. Pursuant to revisions of the 2018 Regulations in May 2020 and May 2021 (the "**Revised 2018 Regulations**"), the deadline of January 2021 for phasing out certain types of game machines has now been extended to the end of January 2022, enabling pachinko hall operators more time to replace their pachinko and pachislot machines in order to meet the requirements of the 2018 Regulations. With the Revised 2018 Regulations easing some of the regulatory pressure placed on pachinko hall operators by the 2018 Regulations, the frequency of pachinko and pachislot machine replacement slightly slowed down across the industry during the year

ended 30 June 2021. The Group believes that the 2018 Regulations have contributed and will continue to contribute to the decline in customer traffic at its halls, due to the fact that the pachinko and pachislot machine replacements are not as appealing to pachinko and pachislot players as its predecessors.

As such, our management has been seeking alternatives to encourage customer traffic and improve its business operations. As of the date of this circular, the Company has closed down five pachinko halls in order to focus its resources on its other more promising pachinko halls by enhancing customer experience there and minimise further losses from business operations by closing down those with weaker performance. In addition, our management has continuously been striving to establish alternative streams of income and diversify the Group's operations into different business segments, through for example the subscription of bonds issued by Sinwa, providing horse-sitting services and renting out premises to G-prize wholesalers, car parks, commercial facilities and residential units. Our management has also been striving to source the most attractive machines available in the market to provide a favourable mix of machines in the Group's pachinko halls to increase customer traffic. However, our Directors believe that the effect of such measures on customer traffic to pachinko halls remains to be seen amid the continuing COVID-19 pandemic.

Although 2020 and the first half of 2021 has been a challenging year for Japan's pachinko industry overall, the Group's operational and financial performance for the year ended 30 June 2021 has managed to recover slightly as a result of our management's efforts in prioritising our resources in the recovery of customer traffic, ensuring continuous compliance with the Japanese government's measures to prevent and control the spread of COVID-19, and voluntarily implementing safety measures to ensure the health and safety of customers at its pachinko halls. Our management will continue to adopt the above measures in order to encourage customer traffic and speed up the recovery of the Group's operations, while exploring 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

Save as disclosed below, as at the Latest Practicable Date, none of the Directors, chief executive of the Company or their respective associates 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
Katsuya YAMAMOTO (<i>Note 1</i>)	Beneficial interest	375,000,000	75.00%

Note 1: Mr. Yamamoto is an executive Director, the Chief Executive Officer of the Company and the Chairman of the Board.

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 18 October 2021, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 June 2021 (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, Palazzo Tokyo Plaza Group is principally engaged in the business of operating 25 pachinko halls in geographical locations mainly in the Kanagawa prefecture (excluding Kamakura-shi and Kawasaki-shi), 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 Kamakura-shi of Kanagawa prefecture, 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 its 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 of the Company, 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, as at the Latest Practicable Date, none of the Directors and their respective close associates (as defined in the Listing Rules) had any interest in any business which competes or may compete, either directly or indirectly, with the business of the Group.

6. DIRECTORS' INTEREST IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

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 2021, 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 claim 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 CONTRACTS

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:

- (a) On 24 January 2020, the Company, Sinwa and the Guarantor entered into a Second Amendment Agreement to, among other things, amend (i) the maturity/redemption date of the 2nd Series Bond from 31 January 2020 to 31 January 2021, and (ii) the interest rate of the 2nd Series Bond to 4.00% per annum for the period from the day following 31 January 2020 to 31 January 2021. For details, please refer to the Company's announcement dated 24 January 2020;
- (b) On 6 March 2020, Nissei Build and K's Property entered into an acquisition agreement, pursuant to which K's Property agreed to acquire and Nissei Build agreed to sell four portions in a nine-storey building situated at 420 Asahimachi, Nagasaki City, Japan for a total consideration of approximately ¥782.2 million

(inclusive of consumption tax). For details, please refer to the Company's announcement dated 6 March 2020. The acquisition was completed on 26 March 2020;

- (c) On 25 January 2021, the Company, Sinwa, and the Guarantor entered into the Third Amendment Agreement to, among other things, further extend the maturity/redemption date of the 2nd Series Bond from 31 January 2021 to 31 January 2022. For details, please refer to the Company's announcement dated 25 January 2021;
- (d) On 7 April 2021, K's Property entered into an acquisition agreement with Takeda Kousan Ltd and Mr. Yoshio Takeda, pursuant to which K's Property has agreed to purchase and Takeda Kousan Ltd and Mr. Yoshio Takeda have agreed to sell, properties consisting of (i) a parcel of land with a total area of 649.85 square metres, and (ii) a seven-storey building situated at 1517-1, 1517-2 and 1518-1, Sumiyoshimachi, Nagasaki City, Japan, at a total consideration of ¥442 million (inclusive of consumption tax of ¥12 million). For details, please refer to the Company's announcement dated 7 April 2021; and
- (e) On 30 July 2021, the Company, Sinwa and the Guarantor entered into the 1st Series Bond Amendment Agreement, pursuant to which (i) the maturity/redemption date of the 1st Series Bond shall be extended from 31 July 2021 to 31 July 2024, (ii) the interest rate of the 1st Series Bond for the period from 1 August 2021 to 31 July 2024 shall be increased to 4.00% per annum; and (iii) the Guarantor shall be included as a party to the 1st Series Bond Amendment Agreement and shall guarantee the repayment obligations of Sinwa in respect of the 1st Series Bond. For details, please refer to the "Letter from the Board" of this circular.

9. GENERAL

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

10. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the Second Amendment Agreement, the Third Amendment Agreement and the 1st Series Bond Amendment Agreement referred to in the paragraph headed "8. MATERIAL CONTRACTS" in this appendix will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.okura-holdings.com>) from the date of this circular up to and including 12 November 2021.

11. MISCELLANEOUS

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