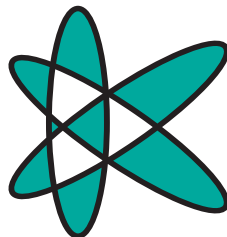


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OKURA HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 01655)

COMMENCEMENT OF NEW BUSINESS IN COMPETITION HORSE TRAINING AND CONNECTED TRANSACTION ON PURCHASE OF HORSES

COMMENCEMENT OF NEW BUSINESS IN COMPETITION HORSE TRAINING

In light of the continuing decline of the pachinko and pachislot industry in Japan, the Board wishes to inform Shareholders and potential investors that the Group is taking steps to diversify its business into Japan's sporting industry. The Group will engage in a new business in competition horse training and expects to commence operations of a horse training facility in Japan by the end of June 2019. The Group believes that the new business will enable the Group to broaden its sources of revenue and is in the interests of the Company and its Shareholders as a whole.

CONNECTED TRANSACTION ON PURCHASE OF HORSES

The Board is pleased to announce that on 18 June 2019 (after trading hours), the Purchaser (an indirectly wholly-owned subsidiary of the Company) and the Vendor entered into a Horse Purchase Agreement, pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Horses at a consideration of approximately JPY212.8 million.

As the Vendor is a company indirectly wholly-owned by Mr. Yamamoto, an executive Director, the chief executive officer and a controlling shareholder of the Company, the Vendor is an associate of Mr. Yamamoto and a connected person of the Company. Accordingly, the Purchase constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios exceed 0.1% but are less than 5%, the Horse Purchase Agreement and the transaction contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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CONNECTED TRANSACTION ON THE HORSE PURCHASE AGREEMENT

The principal terms of the Horse Purchase Agreement are set out below:

Date:	18 June 2019 (after trading hours)
Parties:	(1) Okura Co., Ltd., as purchaser (2) Ichikura Limited, as vendor
Nature of the transaction:	Pursuant to the Horse Purchase Agreement, the Purchaser agrees to purchase and the Vendor agrees to sell the Horses subject to the terms and conditions set out in the Horse Purchase Agreement.

Particulars of the Horses:

Name	DIOR-S
Sex	Gelding
Studbook	KWPN
Pedigree	Sire: Ips Krack C, a reputable dressage horse progenitor in Europe Dam: Mora
Date of Birth	11 March 2008
Name	Zamora
Sex	Gelding
Studbook	KWPN
Pedigree	Sire: Speilberg Dam: Wolivia L
Date of Birth	18 May 2004

Based on the information provided by Vendor, the Horses have been participating in European and international equestrian competitions. In particular, Zamora has participated in more than 20 equestrian competitions since 2012 and has achieved favourable results in certain major events. The Horses were purchased by the Vendor in 2018 pursuant to Mr. Yamamoto's initiative to explore competition horse related business opportunities nationally and internationally in light of the equestrian events in the 2020 Summer Olympics in Tokyo, Japan. The Vendor, which is acting pursuant to the directions of Mr. Yamamoto, agreed to the Purchase, as Mr. Yamamoto believes that the Group, being a well-established corporate group in Japan looking to diversify its business, is better positioned to further explore competition horse related business and to utilise the Horses for branding and promotion.

Based on the information provided by the Vendor, no revenue or net profit before or after tax was generated by the Horses in the two financial years immediately preceding the date of the Purchase. The unaudited net asset value of the Horses as at 31 May 2019 is approximately HK\$13,348,800 (equivalent to approximately JPY184,880,800) after taking into account depreciation.

Consideration: The consideration for the Purchase is JPY212,811,800, which shall be payable in a lump-sum payment on or before 31 July 2019 in cash through bank transfer.

The consideration was determined with reference to the following historical purchase prices which the Vendor paid to independent third parties to acquire the Horses:

Name	Historical purchase price paid by the Vendor	Month and year which the Vendor purchased the Horses
DIOR-S	Approximately JPY49.9 million	March 2018
Zamora	Approximately JPY162.9 million	August 2018
Total	Approximately JPY212.8 million	—

Upon making consultation with professional valuers in the market, the Directors were informed that no widely-accepted methodology is available for valuing riding horses. Furthermore, our Directors (including the independent non-executive Directors) agreed with the Vendor that the amount of depreciation recorded by the Vendor was primarily for accounting purposes, and such depreciation is likely to be offset by the value added investment made in training, raising and sponsoring the Horses to participate in international equestrian competitions during the past year. As such, the Directors consider the historical purchase prices originally paid by the Vendor for the purchase of the Horses as the only representative benchmark for determining the consideration for the Purchase. The consideration will be funded by internal resources of the Group.

Completion: Completion of the Purchase is expected to take place on or before 31 July 2019.

REASONS FOR THE PURCHASE

As disclosed in the paragraph headed “Commencement of New Business in Competition Horse Training” in this announcement, the Group is expanding and diversifying its scope of business into competition horse training in light of the continued decline of the pachinko industry. In view of continuous interest in horse racing and increasing interest in other forms of equestrian activities in Japan, the Group considers there is demand for

competition horse training in Japan and Asia. In addition, Mr. Satoshi Maeda, who is the marketing supervisor and a member of the Group's senior management, has been an active equestrian for more than 10 years and has accumulated an abundance of knowledge and connections in horse training.

Considering the Horses are well accoladed having participated in European and international competitions, the Directors are of the view that by purchasing the Horses and sponsoring them to participate in the international competitions, including potentially the 2020 Summer Olympics in Tokyo, the Group will be able to raise public and professional awareness in the Group's new business venture in horse training. The Horses will serve as an icon and ambassador of the Group's new business and potentially help the Group break into a high entry barrier industry that is reputation-based, both nationally and internationally.

The Directors (including the independent non-executive Directors but excluding the Director who has abstained from voting) believe the new business segment in training and raising competition horses will enable the Group to diversify into Japan's competition horse training industry and generate new sources of revenue in the long run. Taking into account the benefits of the Purchase and having made all reasonable and due inquiries, the Directors (including the independent non-executive Directors but excluding the Director who has abstained from voting) considered that the terms of the Horse Purchase Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the Vendor is a company indirectly wholly-owned by Mr. Yamamoto, an executive Director, the chief executive officer and a controlling shareholder of the Company, the Vendor is an associate of Mr. Yamamoto and a connected person of the Company. Accordingly, the Purchase constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios exceed 0.1% but are less than 5%, the Horse Purchase Agreement and the transaction contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Yamamoto, an executive Director and the chairman of the Board, is considered to have a material interest in the Purchase. He has abstained from voting on the Board resolutions in relation to the Horse Purchase Agreement. Save as disclosed above, none of the Directors who voted in the Board meeting has a material interest in the Purchase.

INFORMATION ON THE VENDOR

The Vendor is a limited liability company incorporated under the laws of Hong Kong, indirectly wholly-owned by Mr. Yamamoto. The Vendor principally engages in the business of investment and property leasing business.

INFORMATION ON THE GROUP

The Group is principally engaged in the business of operating pachinko halls in Japan. The Group is currently operating 17 pachinko halls in the Kyushu, Kanto, Kansai and Chugoku regions in Japan.

DEFINITIONS

“Board”	the board of Directors
“Company”	Okura Holdings Limited (Stock Code: 01655)
“connected persons”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries (as defined in the Listing Rules)
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Horse Purchase Agreement”	the horse purchase agreement dated 18 June 2019 entered into between the Purchaser and the Vendor in respect of the Purchase
“Horses”	two riding horses
“JPY”	Japanese Yen, the lawful currency of Japan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Yamamoto”	Mr. Katsuya Yamamoto, the chief executive officer, executive Director, chairman of the Board and a controlling shareholder of the Company
“Purchase”	the proposed purchase of the Horses by the Company from the Vendor
“Purchaser”	Okura Co., Ltd.* (王蔵株式会社), a company incorporated under the laws of Japan on 3 April 1984 and a subsidiary directly wholly-owned by the Company

“Shareholders”	holders of the Shares
“Shares”	ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Ichikura Limited, a limited liability company incorporated under the laws of Hong Kong and indirectly wholly-owned by Mr. Yamamoto

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

Hong Kong, 18 June 2019

For the purpose of this announcement and for illustrative purpose only, amounts denominated in HKD which have been converted into JPY were converted at an exchange rate of HKD1.00:JPY13.85.

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. Kazuyuki YOSHIDA.

* *For identification purpose only*