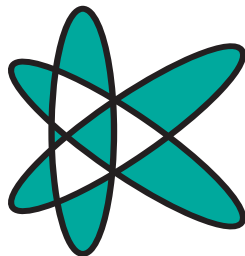


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Okura Holdings Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 01655)

DISCLOSEABLE TRANSACTION ACQUISITION OF PROPERTIES

The Board is pleased to announce that on 6 March 2020, 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 the Vendor has agreed to sell the Properties situated in Nagasaki City, Japan, at a total consideration of approximately JPY782.2 million (inclusive of consumption tax).

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

INTRODUCTION

The Board is pleased to announce that on 6 March 2020, 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 the Vendor has agreed to sell the Properties situated in Nagasaki City, Japan, at a total consideration of approximately JPY782.2 million (inclusive of consumption tax).

THE ACQUISITION AGREEMENT

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

Date	6 March 2020
Parties	(a) K's Property Co., Ltd.* (株式会社ケイズプロパティ), an indirectly wholly-owned subsidiary of the Company, as the purchaser; and (b) Nissei Build Kogyo Co., Ltd.* (日成ビルド工業株式会社), as the vendor.
Information on the Properties	The Properties consist of four portions in a nine-storey building situated at 420 Asahimachi, Nagasaki City, Japan, namely: (a) store area of 940.12 square metres on the 1st floor; (b) store area of 18.26 square metres on the 1st floor; (c) parking space of a total area of 9,952.48 square metres on the 1st to 9th floors; and (d) office space of 129.63 square metres on the 2nd floor.

As of the date of this announcement, a total gross floor area of approximately 11,000 square metres of the Properties are subject to subsisting leases. The net profit generated from such subsisting leases before and after taxation amounted to approximately JPY42.5 million and JPY27.9 million, respectively, for the year ended 30 June 2018, and approximately JPY35.7 million and JPY23.5 million, respectively, for the year ended 30 June 2019 ^{Note}.

Note: The net profit after taxation is calculated by the Directors with their best estimation by assuming the Vendor paid the profit tax at the maximum profit tax rate under applicable statutory requirements in Japan in respect of all rental income generated from Properties for the aforementioned periods.

Consideration and payment terms	<p>The Consideration for the Properties is approximately JPY782.2 million (inclusive of consumption tax) . The Consideration shall be settled in the following manner:</p> <p>(a) on the date of the Acquisition Agreement, the Purchaser shall pay the Vendor an amount equivalent to approximately 9.2% of the Consideration, being approximately JPY72.0 million as the deposit which forms part of the Consideration; and</p> <p>(b) on the date of completion of the Acquisition, the Purchaser shall pay the Vendor the remaining approximately 90.8% of the Consideration, being approximately JPY710.2 million.</p> <p>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 Properties conducted by an independent third party property valuer of JPY792.0 million as at 22 January 2020, (ii) the current market conditions, (iii) the location and condition of the Properties, and (iv) the expected rental income and the potential growth of rental and value of the Properties. The Directors considered that the Consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. The Consideration will be funded by bank loans and the Company’s internal resources.</p>
Conditions precedent	<p>The completion of the Acquisition is subject to among others, the Vendor (i) novating the subsisting lease agreements to the Purchaser, who shall be the new lessor and (ii) commencing repair works on certain areas of the Properties as required pursuant to the Acquisition Agreement.</p>
Completion	<p>Completion of the Acquisition is expected to take place on or before 31 March 2020, following the satisfaction or waiver of the conditions precedent, or on such other date as the parties may agree.</p>

REASONS FOR THE ACQUISITION

As disclosed in the Company's previous announcements, annual reports and interim reports, the Group has been actively exploring opportunities to enhance and diversify its revenue stream. The Directors, taking into account various factors such as the location, condition and potential appreciation in value of the Properties, consider that the Acquisition provides an excellent opportunity for the Group to (i) expand its property investment portfolio, which will allow the Group to benefit from any future capital appreciation and (ii) generate a new source of rental income which can serve as the Group's stable source of cash flow and revenue. Overall, the Board considers that the Acquisition will strengthen the Group's income base and is beneficial to the Group's financial position in the long run.

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 all below 25%, the entering into of 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 company incorporated under the laws of the Japan and headquartered in Ishikawa Prefecture, Japan, principally engaged in manufacturing, sales and construction of prefabricated buildings and multistory parking lots in Japan. The Vendor is a wholly-owned subsidiary of Space Value Holdings Co., Ltd. (株式会社スペースバリューホールディングス), which is a company listed on the Tokyo Stock Exchange (stock code: 1448). 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.

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 17 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 Properties by the Purchaser from the Vendor pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the agreement dated 6 March 2020 entered into by the Purchaser and the Vendor in respect of the Acquisition
“Board”	the board of Directors
“Company”	Okura Holdings Limited
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of the Acquisition in the sum of approximately JPY782.2 million (inclusive of consumption tax)
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“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
“Properties”	four portions of a nine-storey building situated at 420 Asahimachi, Nagasaki City, Japan, as described in “Information of the Properties” in this announcement
“Purchaser”	K’s Property Co., Ltd.* (株式会社ケイズプロパティ), 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

“Vendor”

Nissei Build Kogyo Co., Ltd.* (日成ビルド工業株式会社), a company incorporated under the laws of Japan, an independent third party of the Company, and a wholly-owned subsidiary of Space Value Holdings Co., Ltd. (株式会社スペースバリューホールディングス), whose shares are listed on the Tokyo Stock Exchange (stock code: 1448)

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 March 2020

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*