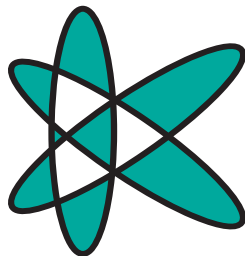


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## **Okura Holdings Limited**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 01655)**

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

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

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 the Second Extended Redemption Date (being 31 July 2027).

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under 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 beneficially interested in 375,000,000 Shares, representing 62.50% of the entire issued capital of the Company as at the date of this announcement. 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.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, amongst others, further information of the transaction contemplated under the Second 1st Series Bond Amendment Agreement is required to be despatched to the Shareholders within 15 business days after the publication of this announcement, that is, on or before 20 August 2024. However, as additional time is required for the Company to prepare and finalise certain information including the financial information and other information of the Group for inclusion in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules in respect of the delay in despatch of the circular, and will make a further announcement of the expected despatch date of the circular in due course.

References are made to (i) the announcement (the “**Initial Announcement**”) of Okura Holdings Limited (the “**Company**”) dated 26 July 2018 in relation to the subscription of the 1st series bond (the “**1st Series Bond**”) and the 2nd series bond (the “**2nd Series Bond**”) having a face value of JPY500 million each pursuant to the Bond Agreements, and (ii) the subsequent 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 (the “**Subsequent Announcements**”, together with the Initial Announcement, the “**Announcements**”) in relation to, among other things, the extension of the maturity/redemption date (the “**Previous Extensions**”) and change of interest rate of the 1st Series Bond and the 2nd Series Bond subscribed by the Company under the Bond Agreements. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

## BACKGROUND

As set out in the Initial Announcement, the Company (as the subscriber) and Sinwa Co., Ltd.\* (株式会社しんわ) (“**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 (the “**1st Series Bond Agreement**”).

As set out in the Company’s announcement dated 30 July 2021 (the “**1st Series Bond Amendment Announcement**”), the Company, Sinwa, and Everglory Capital Co., Ltd. (株式会社エバークローリー・キャピタル) (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.

## 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 a second amendment agreement to the 1st Series Bond Agreement (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 “**Second Extended Redemption Date**”).

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
- (ii) the interest rate for the period from 1 August 2024 to the Second Extended Redemption Date 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, 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 the Second Extended Redemption Date is JPY20 million. The total interest to be received by the Company under the 1st Series Bond from 1 August 2024 to the Second Extended Redemption Date 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 the date of this announcement, Mr. Katsuya YAMAMOTO is the controlling shareholder of the Company and is beneficially interested in 375,000,000 shares of the Company (the “**Shares**”), representing 62.50% of the entire issued share capital of the Company. As at the date of this announcement, 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 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 of the Company (the “**Shareholders**”) as a whole.

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 concerning the financial positions and management of Sinwa and the Guarantor based on those searches.

## **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 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 beneficially interested in 375,000,000 Shares, representing 62.50% of the entire issued capital of the Company as at the date of this announcement. 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.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, amongst others, further information of the transaction contemplated under the Second 1st Series Bond Amendment Agreement is required to be despatched to the Shareholders within 15 business days after the publication of this announcement, that is, on or before 20 August 2024. However, as additional time is required for the Company to prepare and finalise certain information including the financial information and other information of the Group for inclusion in the circular, the Company will apply to The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules in respect of the delay in despatch of the circular, and will make a further announcement of the expected despatch date of the circular in due course.

## **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 Pte. Ltd. ("**Everglory Group**"), a company incorporated in Singapore, 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".

For and on behalf of the Board

**Okura Holdings Limited**

**Katsuya YAMAMOTO**

*Chief Executive Officer, Executive Director and  
Chairman of the Board*

Hong Kong, 30 July 2024

*As at the date of this announcement, the Board comprises five Directors, of which (i) two are executive Directors, namely Mr. Katsuya YAMAMOTO and Mr. Yutaka KAGAWA; and (ii) three are independent non-executive Directors, namely Mr. Kazuyuki YOSHIDA, Ms. Mariko YAMAMOTO and Mr. Masaaki AYRES (alias Gettefeld AYRES).*

\* For identification purpose only