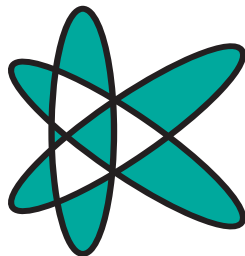


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Okura Holdings Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 01655)

VOLUNTARY ANNOUNCEMENT BUSINESS UPDATE

This is a voluntary announcement made by Okura Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for keeping the shareholders of the Company (the “**Shareholders**”) and potential investors informed of the latest business development of the Group.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the Shareholders and potential investors that three of its pachinko halls, namely, its Big Apple. Dazaifu hall* (ビッグアップル. 太宰府) located at 2-1-1, Ozano, Dazaifu-shi, Fukuoka Prefecture, Japan (“**BA Dazaifu**”), Big Apple. Sumiyoshi hall* (ビッグアップル. 住吉) located at 6-4, Sumiyoshimachi, Nagasaki-shi, Nagasaki Prefecture, Japan (“**BA Sumiyoshi**”), and Monaco Sumiyoshi Honten hall* (モナコ住吉本店) located at 1-5, Sumiyoshimachi, Nagasaki-shi, Nagasaki Prefecture, Japan (“**Monaco**”) will cease operations with effect from 31 August 2021. The management of the Company has decided to close down BA Dazaifu, BA Sumiyoshi and Monaco having duly considered their deteriorating operating and financial performance since the outbreak of the Coronavirus Disease 2019 in Japan in January 2020 and the resulting low overall customer traffic since early 2020. The management considered that although BA Dazaifu, BA Sumiyoshi and Monaco have gradually managed to regain customer traffic since the latter half of 2020, as compared with some of the Group’s other pachinko halls, the recovery of customer traffic at BA Dazaifu, BA Sumiyoshi and Monaco is still at a slow pace despite the Group’s continuous effort and accordingly these three pachinko halls continue to record losses from their respective operations. Taking into account the general adverse operating landscape, the intense competition in the pachinko industry and the increasing competition from other forms of entertainment in Japan, the

management considered that it will be more beneficial for the Group to focus its resources on the other more promising pachinko halls by enhancing customer experience there and minimise further losses from business operations by closing down these three pachinko halls with weaker performance.

The Board further wishes to inform the Shareholders and potential investors that the Company has also decided to close down its employment support centre for persons with neurodevelopmental disorders in Nagasaki City, Japan (the “**Nagasaki Centre**”) with effect from 31 August 2021, having considered the (i) unsatisfying financial performance of the Nagasaki Centre; and (ii) the difficulty to attract and retain experienced staff in dealing with persons with neurodevelopmental disorders as well as potential job seekers. The Company will also cease the commencement of operations of the two employment support centres of the same nature in Hiroshima City, Japan as well as the operation of similar employment support centres in the future.

The Directors believe that the streamlining of resources and operations by closing down these three pachinko halls and the Nagasaki Centre will help stabilise and improve the Group’s financial performance in the long run, and is in the best interests of the Group and the Shareholders as a whole.

The below table sets forth the unaudited financial information of BA Dazaifu, BA Sumiyoshi, Monaco and the Nagasaki Centre for the year ended 30 June 2021:

	For the year ended 30 June 2021⁽¹⁾ <i>(unaudited)</i> <i>(approximate)</i> <i>(JPY '000)</i>
BA Dazaifu	
Revenue	162,981
Loss before taxation	(28,408)
BA Sumiyoshi	
Revenue	54,685
Profit before taxation ⁽²⁾	79,741 ⁽²⁾
Monaco	
Revenue	77,519
Loss before taxation	(51,136)
Nagasaki Centre	
Revenue	6,296
Loss before taxation	(19,403)

As at
30 June 2021⁽¹⁾
(unaudited)
(approximate)
(JPY '000)

BA Dazaifu

Net liability value	(278,132)
Total asset value	521,398

BA Sumiyoshi

Net asset value ⁽²⁾	69,141 ⁽²⁾
Total asset value	215,647

Monaco

Net liability value	(113,278)
Total asset value	148,765

Nagasaki Centre

Net asset value	16,169
Total asset value	32,535

Notes:

- (1) The Company is in the course of finalising its consolidated financial results for the year ended 30 June 2021 and shall publish such results by the end of September 2021. The Shareholders and potential investors of the Company may refer to the annual results announcement to be published by the Company by the end of September 2021 to ascertain the percentage of the financial information of each of BA Dazaifu, BA Sumiyoshi, Monaco and the Nagasaki Centre as set out above to the consolidated financial results of the Company.

- (2) Based on the Company's preliminary review of the unaudited management accounts of BA Sumiyoshi for the year ended 30 June 2021, the Company expects to record a net profit before taxation of approximately JPY79.7 million for BA Sumiyoshi, which is comprised of a loss from operation of approximately JPY6.3 million for the year ended 30 June 2021, offset by the recognition of a reversal of provision for impairment loss of approximately JPY86.0 million determined based on a valuation carried out by an independent professional qualified valuer on the market value of the building and site where the pachinko hall is located as at 30 June 2021 (further details of such reversal of provision for impairment loss shall be disclosed by the Company in its annual results announcement to be published by the end of September 2021, if applicable, in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Save as such reversal of provision for impairment loss, the Company considered that the business of BA Sumiyoshi is in fact loss-making for the year ended 30 June 2021, and as such, decided to close down BA Sumiyoshi for the reasons mentioned above.

Based on the information currently available to the Group, an insignificant loss on disposal of property, plant and equipment is expected to be recognised by the Company for the six months ending 31 December 2021 in relation to the closure of BA Dazaifu, BA Sumiyoshi, Monaco and the Nagasaki Centre, while a gain of approximately JPY300 million from the derecognition of right-of-use assets and lease liabilities in relation to BA Dazaifu is expected to arise during the same period. The Company is still assessing the amount of such gain and shall make a further announcement on the update of the expected gain and/or its impact on the Company's financial position in due course, if applicable, in accordance with the requirements of the Listing Rules. Save as disclosed above, the Board considers that the closure of BA Dazaifu, BA Sumiyoshi, Monaco, the Nagasaki Centre and the cessation of the business for the operation of employment support centres for persons with neurodevelopmental disorders to have no material adverse impact on the business operation and financial position of the Group.

Following the closure of the aforementioned three pachinko halls, the Group will be operating 12 pachinko halls in the Kyushu, Kanto, Kansai and Chugoku regions in Japan.

The Board wishes to emphasise that the unaudited financial information and operational data set out above is based on the unaudited management accounts of each of BA Dazaifu, BA Sumiyoshi, Monaco and the Nagasaki Centre for the year ended 30 June 2021, along with other information currently available to the Company, and has not been reviewed by the audit committee of the Company, nor reviewed or audited by the Company's external auditors, and as such the data may be subject to adjustment and is for the Shareholders and investors' reference only.

Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

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

Hong Kong, 31 August 2021

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 purposes only*