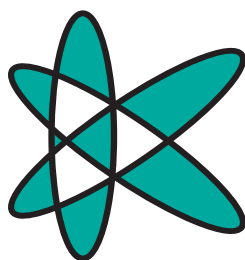


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Okura Holdings Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 01655)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



恆宇證券有限公司
Space Securities Limited

On 30 March 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to appoint the Placing Agent to act as placing agent for the purpose of procuring not less than six Placers to subscribe for up to 100,000,000 Placing Shares at the Placing Price of HK\$0.20 per Placing Share during the Placing Period. The Placing Shares will be allotted and issued under the General Mandate.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the maximum number of 100,000,000 Placing Shares represents 20% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares upon Completion.

The Placing Price of HK\$0.20 per Placing Share represents (i) a discount of approximately 11.1% to the closing price of HK\$0.225 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 9.75% to the average closing price of HK\$0.2216 per Share in the last five trading days immediately prior to the date of the Placing Agreement.

Assuming that all the Placing Shares are successfully placed, the aggregate gross proceeds from the Placing are expected to be HK\$20.0 million and the aggregate net proceeds (after deducting the placing commission payable to the Placing Agent and other costs and expenses incurred in the Placing) are expected to be approximately HK\$17.0 million. The Company intends to use approximately 75% and 15% of the net proceeds from the Placing for (a) purchase of pachinko and pachislot machines, and (b) renovation or enhancement of the Group's existing pachinko halls and marketing expenses, respectively, and the remaining approximately 10% for other general working capital of the Group.

Shareholders and potential investors of the Company should note that the Completion is subject to the satisfaction of the conditions precedent set out in the Placing Agreement and the Placing may or may not proceed to Completion. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

On 30 March 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to appoint the Placing Agent to act as placing agent for the purpose of procuring not less than six Placées to subscribe for up to 100,000,000 Placing Shares at the Placing Price of HK\$0.20 per Placing Share during the Placing Period subject to the terms and conditions set out in the Placing Agreement.

THE PLACING AGREEMENT

Date

30 March 2023 (after trading hours)

Issuer

The Company

Placing Agent

Space Securities Limited

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are not a connected person of the Company and are independent of any connected person of the Company (as defined in the Listing Rules).

Placing

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed to act as the placing agent for the Company to procure subscribers, on a best effort basis, to subscribe for up to 100,000,000 Placing Shares at the Placing Price during the Placing Period subject to the terms and conditions set out in the Placing Agreement. The Placing Agent is entitled under the Placing Agreement to a placing commission equivalent to 3.5% of the Placing Price multiplied by the number of Placing Shares successfully subscribed for by Placees.

Placees

The Placing Agent will, on a best effort basis, place the Placing Shares to not less than six Placees, who are independent professional, institutional or other investors. The choice of Placees for the Placing Shares will be determined by the Placing Agent after consultation with the Company, subject to the Listing Rules and other applicable laws, regulations and rules. The Placing Agent shall use its reasonable endeavours to ensure that the Placees and their respective ultimate beneficial owner(s) (if applicable) (i) are not a connected person of the Company (as defined in the Listing Rules) and (ii) will not, as a result of the Placing, become a substantial shareholder (as defined in the Listing Rules) of the Company or have acquired on its own or together with persons acting in concert (as defined in the Takeovers Code) with the Company, 30% or more of the voting rights of the Company in aggregate.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the maximum number of 100,000,000 Placing Shares represents 20% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares upon Completion.

Ranking of Placing Shares

The Placing Shares shall be allotted and issued fully paid and rank *pari passu* in all respects among themselves and with the other Shares then in issue free from all Encumbrances, and together with all rights attaching to them as at the date of issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.20 per Placing Share represents:

- (i) a discount of approximately 11.1% to the closing price of HK\$0.225 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 9.75% to the average closing price of HK\$0.2216 per Share in the last five trading days immediately prior to the date of the Placing Agreement.

Assuming that all the Placing Shares are successfully placed, the net price (after deducting the placing commission payable to the Placing Agent and other costs and expenses incurred in the Placing) to the Company of each Placing Share will be approximately HK\$0.17.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to the prevailing market price of the Shares, the recent trading volume of the Shares and the prevailing market conditions and sentiments. The Directors consider that the terms of the Placing Agreement (including the Placing Price) are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Completion of the Placing is conditional upon the satisfaction (or waiver by the Placing Agent in respect of (i)) of the following conditions precedent:

- (i) there shall not have occurred any material breach or any event rendering materially untrue or inaccurate, any of the representations, warranties or undertakings by the Company under the Placing Agreement;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Placing); and
- (iii) the Placing Agreement not being terminated by the Placing Agent pursuant to the terms thereof.

If any of the conditions precedent is not fulfilled (or, where applicable, waived) on or prior to 8:00 a.m. (Hong Kong time) on 26 April 2023 (or such other date as the Company and the Placing Agent may agree in writing), the obligations and liabilities of the Placing Agent and the Company under the Placing shall be null and void and neither the Company nor the Placing Agent shall have any claim against the other for costs, damages, compensations or otherwise except for all costs and expenses relating to the Placing and any antecedent breach of any of their respective obligations and liabilities under the Placing Agreement and any of the Company's representations, warranties and undertakings contained in the Placing Agreement.

Lock-up Undertaking by the Company prior to Completion

The Company undertakes that for the period commencing from the date of the Placing Agreement and up to the Completion Date, it shall not issue any Shares or issue or grant any share options or other securities convertible into, exchangeable for or which carry rights to acquire Shares.

Completion of the Placing

Completion of the Placing shall take place on the Completion Date subject to the fulfilment of the conditions precedent above.

Termination

If, at any time prior to 8:00 a.m. (Hong Kong time) on the Completion Date, any of the specific events provided in the Placing Agreement, such as the occurrence of any circumstances which is or is likely to be materially adverse to the success of the Placing, or any material breach of any of the representations and warranties by the Company as set out in the Placing Agreement, occurs, then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is given prior to 8:00 a.m. (Hong Kong time) on the Completion Date.

In the event that the Placing Agent terminates the Placing Agreement, all obligations of the Company and the Placing Agent under the Placing Agreement shall cease and determine and none of them shall have any claim against the other in respect of any matter arising out of or in connection with the Placing Agreement except for all costs and expenses relating to the Placing and any antecedent breach of any of their respective obligations and liabilities under the Placing Agreement and any of the Company's representations, warranties and undertakings contained in the Placing Agreement.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is a pachinko hall operator in Japan, operating mainly pachinko and pachislot machines. Following the easing and lifting of certain domestic restrictive measures, social and economic activities in Japan have become more active and the Group has recorded a significant improvement in customer traffic and revenue for the six months ended 31 December 2022 as compared with the corresponding period in 2021.

In spite of such development, given the prolonged decline in the pachinko business coupled with rising cost of living in Japan reducing the disposable income of consumers, the Group continues to face challenges to its business recovery after the COVID-19 outbreak. As such, the Directors believe that the Placing represents a timely opportunity to strengthen the Group's financial position to support its efforts in boosting the recovery of the Group's operations and business performance, as well as to broaden the Company's capital and shareholder base. In light of the above and the fact that the terms of the Placing Agreement including the placing commission were determined and entered into on normal commercial terms after arm's length negotiations, the Directors are of the view that the Placing is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Assuming that all the Placing Shares are successfully placed, the aggregate gross proceeds from the Placing are expected to be HK\$20.0 million and the aggregate net proceeds (after deducting the placing commission payable to the Placing Agent and other costs and expenses incurred in the Placing) are expected to be approximately HK\$17.0 million. The Company intends to use approximately HK\$12.75 million or 75% and HK\$2.55 million or 15% of the net proceeds from the Placing for (a) purchase of pachinko and pachislot machines, and (b) renovation or enhancement of the Group's existing pachinko halls and marketing expenses, respectively, and the remaining approximately HK\$1.70 million or 10% for other general working capital of the Group.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months immediately prior to the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion (assuming all the Placing Shares are successfully placed and there is no other change in the issued share capital of the Company between the date of this announcement and the Completion Date):

	As at the date of this announcement		Immediately upon Completion	
	<i>Number of Shares</i>	<i>Approximate percentage of total issued share capital</i>	<i>Number of Shares</i>	<i>Approximate percentage of total issued share capital</i>
Mr. Katsuya YAMAMOTO ^(Note)	375,000,000	75.00%	375,000,000	62.50%
Placees	—	—	100,000,000	16.67%
Other public Shareholders	<u>125,000,000</u>	<u>25.00%</u>	<u>125,000,000</u>	<u>20.83%</u>
	<u>500,000,000</u>	<u>100.00%</u>	<u>600,000,000</u>	<u>100.00%</u>

Note: Mr. Katsuya YAMAMOTO is an executive Director, the chief executive officer of the Company and the chairman of the Board.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

The Placing Shares will be allotted and issued under the General Mandate, pursuant to which the Directors are authorised to issue and allotted by the Company pursuant to the General Mandate, under which the Board is authorised to allot, issue and deal with Shares which shall not exceed 20% of the Shares issued by the Company as at the date on which such resolution was passed at the annual general meeting of the Company held on 22 November 2022, being 100,000,000 Shares in total. As at the date of this announcement, the Company has not allotted and issued any new Shares under the General Mandate. Accordingly, the allotment and the issue of the Placing Shares is not subject to the approval of the Shareholders.

APPLICATION FOR LISTING

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange.

Shareholders and potential investors of the Company should note that the Completion is subject to the satisfaction of the conditions precedent set out in the Placing Agreement and the Placing may or may not proceed to Completion. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Board”	the board of Directors of the Company
“Company”	Okura Holdings Limited, a company incorporated in Hong Kong with limited liability, the issued Shares are listed and traded on the Main Board of the Stock Exchange (Stock code: 01655)
“Completion”	the completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Completion Date”	the date of Completion, being the date on which all conditions precedent to the Placing are fulfilled, but in any event no later than 26 April 2023, or such other date as the Company and the Placing Agent may agree in writing
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to such Directors by resolutions of the Shareholders passed at the last annual general meeting of the Company held on 22 November 2022 to allot, issue and deal with up to 100,000,000 new Shares
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional and/or other investor(s) procured by the Placing Agent or its agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing by or on behalf of the Placing Agent of the Placing Shares, on a best effort basis, on the terms of and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Space Securities Limited, a licensed corporation to carry on Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 30 March 2023 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Period”	the period commencing on the execution of the Placing Agreement and terminating at 8:00 a.m. (Hong Kong time) on the Completion Date (or such later time and date as the Company and the Placing Agent may agree in writing)
“Placing Price”	HK\$0.20 per Placing Share
“Placing Shares”	up to 100,000,000 new Shares to be issued by the Company pursuant to the terms and conditions of the Placing Agreement
“Share(s)”	ordinary share(s) of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary” has the same meaning ascribed to it under the Listing Rules

“Takeovers Code” the Codes on Takeovers and Mergers and Share Buy-backs as amended from time to time and administered by the Securities and Futures Commission of Hong Kong

“%” per cent

By Order of the Board
Okura Holdings Limited
Katsuya YAMAMOTO
*Chief Executive Officer, Executive Director and
Chairman of the Board*

Hong Kong, 30 March 2023

As at the date of this announcement, the Board comprises six Directors, of which (i) three are executive Directors, namely Mr. Katsuya YAMAMOTO, 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.