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株式会社ニラク・ジー・シー・ホールディングス  
**NIRAKU GC HOLDINGS, INC.\***

*(Incorporated in Japan with limited liability)*

**(Stock Code: 1245)**

**PROFIT WARNING**

This announcement is made by 株式会社ニラク・ジー・シー・ホールディングス NIRAKU GC HOLDINGS, INC.\* (the “**Company**”, together with its subsidiaries as the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and the potential investors that based on preliminary assessment of the consolidated management accounts of the Group, it is expected the Group will record a loss attributable to Shareholders for the six months ended 30 September 2017, as compared to the profit attributable to Shareholders for the six months ended 30 September 2016.

The expected loss attributable to Shareholders for the six months ended 30 September 2017 is resulted from a decrease in revenue while hall and administrative expenses remain at a similar level as compared to the same period in last year. The drop in revenue is mainly due to: (i) change in regulations of pachinko industry associations which require pachinko operators to replace pachinko machines of higher gaming element with pachinko machines of lower gaming element, which attracts less hall traffic; and (ii) increase in pay-out ratio to boost up customer visits which, in the short term, lowers the profit margin.

The Company is still in the process of finalising the unaudited consolidated results of the Group for the six months ended 30 September 2017. This profit warning announcement is only based on the Board’s preliminary assessment of the unaudited consolidated management accounts of the Group which are subject to finalisation and other potential adjustments, if any, and have not been confirmed or audited by the Company’s auditor. Shareholders and potential investors are advised to read carefully the results announcement of the Company for the six months ended 30 September 2017, which is expected to be published on or around 24 November 2017.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

On behalf of the Board  
**NIRAKU GC HOLDINGS, INC.\***  
株式会社ニラク・ジー・シー・ホールディングス  
*Chairman, Executive Director and Chief Executive Officer*  
**Hisanori TANIGUCHI**  
**(also known as JEONG Seonggi)**

Fukushima, Japan, 20 October 2017

*As at the date of this announcement, the executive director of the Company is Hisanori TANIGUCHI (also known as JEONG Seonggi); the non-executive director of the Company is Hiroshi BANNAL; and the independent non-executive directors of the Company are Hiroaki MORITA, Norio NAKAYAMA, Michio MINAKATA and Yoshihiro KOIZUMI.*

\* *For identification purposes only*