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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)

**DISCLOSEABLE TRANSACTION IN RELATION TO
THE ACQUISITION OF ALL ISSUED SHARES IN
DREAM GAMES SINGAPORE PTE. LTD**

THE ACQUISITION

The Board is pleased to announce that on 31 October 2017 (after trading hours), the Company and the Vendors entered into the Agreement pursuant to which the Company has agreed to purchase and each of the Vendors has agreed to sell the Sale Shares at the Consideration, which will be settled by cash subject to certain condition precedents for the Completion as mentioned below. Immediately after completion of the Acquisition, the Target Company and its subsidiaries will become wholly-owned subsidiaries of the Company and will be consolidated as such in the Group's financial statements.

LISTING RULES IMPLICATION

As the largest of the percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company which is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement set out in Chapter 14 of the Listing Rules. For the avoidance of doubt, the consideration ratio of the Acquisition was calculated based on the Directors' estimated amount of the Consideration, which is in turn subject to the debt and cash positions of the Target Group as at the Cut-off Date and the Completion Date, as further described in "Consideration" below. The Directors are of the view that it is unlikely that the final amount of the Consideration will render the consideration ratio of the Acquisition being higher than 25%.

Shareholders and potential investors should note that the Completion of the Acquisition is subject to satisfaction (or, if applicable, waiver) of certain conditions precedent. There is no assurance that the Completion contemplated under the Agreement will take place. Shareholders and potential investors are advised to exercise caution in dealing in the Shares.

THE ACQUISITION

The Board is pleased to announce that on 31 October 2017 (after trading hours), the Company and the Vendors entered into the Agreement pursuant to which the Company has agreed to purchase and each of the Vendors has agreed to sell the Sale Shares at the Consideration, which will be satisfied by cash. The principal terms and conditions of the Agreement are set out below:

THE AGREEMENT

Date

31 October 2017

Parties

- (1) Purchaser : The Company
- (2) Vendors : The Vendors

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendors is an independent third party of, and has no connection or relationship that might cause conflict of interests with, the Company and its core connected persons and the respective close associates as at the date of this announcement.

Subject Matter

Pursuant to the Agreement and subject to the conditions precedent thereto as set out below, the Company has agreed to purchase and each of the Vendors has agreed to sell the Sale Shares.

Consideration

The Consideration, which is payable on the Completion Date in cash, is calculated with the formula below:

$$\text{Consideration} = b - (d - c)$$

- b*: being the base value of the Consideration, which is agreed to be JPY2.1 billion
- d*: being the aggregate value of the total loans and borrowings, finance lease liabilities and the finance-related liabilities (if any) of the Target Group as at the Cut-off Date (currently expected to be 31 October 2017) (the “**Debt**”)
- c*: being the cash and cash equivalents of the Target Group as at the Cut-off Date (currently expected to be 31 October 2017) (the “**Cash**”)

Based on the consolidated unaudited management accounts of the Target Group as at 30 September 2017 (being the latest month-end immediately preceding this announcement), the Directors estimate that the final Consideration will be approximately JPY1.91 billion. If the Target Group’s Debt and Cash positions as at the Completion Date are different from those as at the Cut-off Date by more than JPY1 million, the Consideration shall be re-calculated with the Debt and Cash positions as at the Completion Date and any difference in monetary value shall be paid in cash after the Completion Date.

The Directors currently expect to fund the Consideration with external bank borrowings to be obtained from financial institutions in Japan before the Completion Date.

The calculation of Consideration was arrived at based on arm’s length negotiations between the Company and the Vendors with reference to (i) the net asset value and cash and debt positions of the Target Group as at 30 September 2017, (ii) the prospects of the business of the Target Group, (iii) the financial position of the Target Group and (iv) other factors set out in “Reasons for and Benefits of the Acquisition” below. Taking into account the potential development opportunities of the Target Group and that the Acquisition will allow the Company to expand its entertainment business in Southeast Asia, the Consideration was determined at a premium to the net asset value of the Target Group.

Conditions Precedent

Completion of the Acquisition is subject to fulfilment of the following conditions precedent pursuant to the Agreement, amongst other things:

- (a) Representation and warranties by each of the Company and the Vendors in the Agreement are true and correct in all material respects.
- (b) The Vendors have performed and complied with its obligations that are required to be performed or complied with prior to the Completion under the Agreement.
- (c) The Company has obtained its funding for the Acquisition with the amount and conditions satisfactory to the Company at its discretion.

- (d) The Company has paid the Consideration and provided funds to the Target Group to repay a shareholder's loan in the amount of JPY0.12 billion with an annual compound interest of 1% DGJ owes to a Vendor via the Target Company.
- (e) There has been no event that has or could be reasonably expected to have a material adverse effect on the assets, management, cash, business, properties, debt and future business plan or prospects of the Target Group, whichever causes, including, without limitation to, change, proposal to change and change of interpretation by the administrative agency of the Laws.
- (f) Certain Vendors, who has agreed to continue to serve as directors of the Target Group after the Completion has signed and delivered undertaking letters to the Company and such undertaking letters remain in force.
- (g) All outstanding convertible bonds issued by the Target Company have been converted into ordinary shares of the Target Company in accordance with the terms and conditions thereof and there is no indebtedness the Target Company owes to any bondholders in connection with the bond.

If any of the conditions set out above has not been satisfied on the Completion Date, either Party may have the following options, at its sole discretion, to :

- (a) waive the conditions then unsatisfied and proceed to the Completion on the Completion Date;
- (b) suspend the Completion until the extended completion date the Vendors and the Company mutually agree before the Long Stop Date; or
- (c) terminate the Agreement when the Long Stop Date has lapsed unless such failure of the Completion is not attributable to the terminating Party.

Specific Undertakings

Non-competition

For the benefit of the Target Group and the Company, each of the Vendors has agreed, within the period of two years from the Completion Date or the resignation date from the Vendors (whichever is later), not to:

- (a) engage in or cause any third parties to engage in the same or similar kinds of business the Target Group is carrying on, or plans to carry on in the future (business the Target Group plans is limited to the case where the Target Group's decision making body has decided to launch such business and requisite work to achieve to launch such business has commenced) (the "**Competing Business**");

- (b) (i) become an employee, director, officer, counselor or adviser of any companies engaging in the Competing Business (the “**Competitor**”), (ii) own or acquire shares or equity interests of the Competitor, or (iii) advance a loan or offer any funding to the Competitor; and
- (c) recruit or solicit, or cause any third parties to recruit or solicit any employees, directors, officers, counselors or advisers of the Target Group to have them resign, retire, transfer and be independent from the Target Group except for their voluntary application to general recruiting process without focusing on specific targets through recruiting agents, recruiting magazines and websites.

Four of the Vendors, who will remain as the Target Group’s management, have further undertaken to serve as directors of the Target Group for a period of at least five years from the Completion Date.

Completion

Completion of the Acquisition shall take place on the Completion Date (i.e. 20 November 2017), or on such other date as the Parties may mutually agree. Immediately after the completion of the Acquisition and electronic registration for change of shareholders at the relevant Singapore authority, the Target Company and its subsidiaries will become wholly-owned subsidiaries of the Company and will be consolidated as such into the Group’s financial statements.

INFORMATION OF THE GROUP

The Group operates pachinko halls in Japan, where customers can play pachinko and pachislot, which are recreational arcade games characterised by an element of chance. As at the date of this announcement, the Group operates 55 pachinko halls primarily in the north-eastern part of Japan.

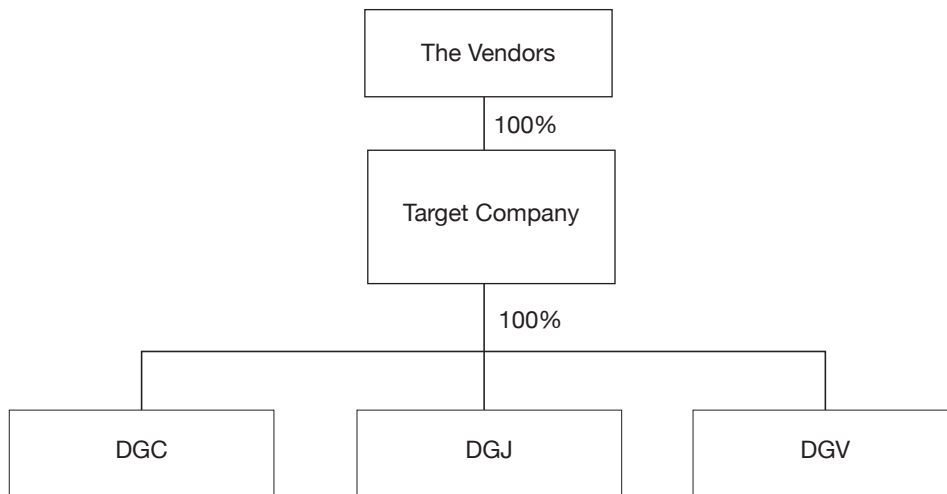
INFORMATION OF THE VENDORS AND THE TARGET GROUP

Amongst the Vendors, Mr. Hisanori Watanabe is a co-founder of the Target Company in 2013. Other Vendors are current management or employees of the Target Group (or their investment holding company), as well as an independent investor, of which four of the Vendors have agreed to continue with their management duties within the Target Group for at least 5 years.

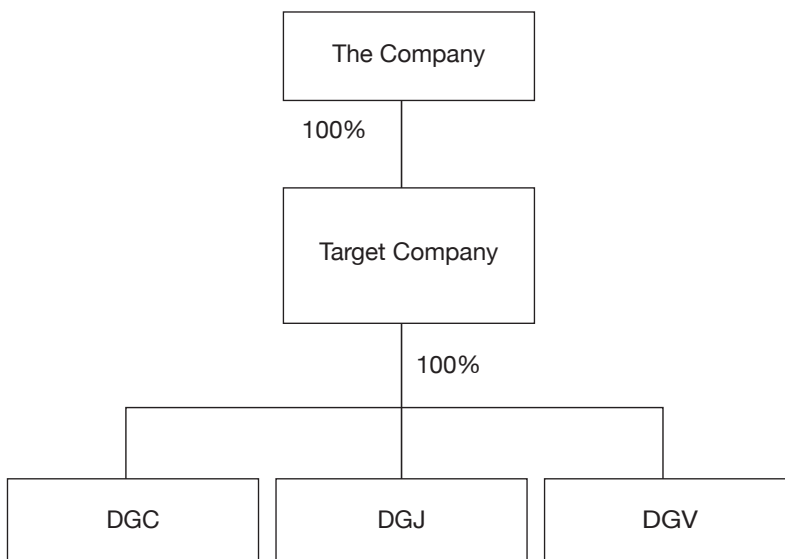
The Target Group has its headquarter in Singapore and its operating bases in Vietnam and Cambodia. The Target Group principally engages in the operation of entertainment and amusement facilities in Cambodia and Vietnam. As at the date of this announcement, the Target Group operates (i) 6 outlets of entertainment and amusement facilities, in Cambodia and Vietnam, under the brands “*Dream Games*” providing arcade games, bowling and karaoke activities.

Shareholding and corporate structure of the Target Group

Set out below is the shareholding and corporate structure of the Target Group immediately before the Completion Date:



Set out below is the expected shareholding and corporate structure of the Target Group immediately after the Completion Date:



FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is the consolidated financial information of the Target Group based on its consolidated audited financial statements prepared in accordance with the Financial Report Standards of Singapore:

	For the years ended	
	31 December	
	2015	2016
	<i>US\$'000</i>	<i>US\$'000</i>
Turnover	5,881	9,314
Net profit before taxation	1,074	852
Net profit after taxation	849	513
	As at 31 December	
	2015	2016
	<i>US\$'000</i>	<i>US\$'000</i>
Cash (being cash and cash equivalent)	657	1,350
Debt (being loan and borrowings and finance lease liabilities)	2,415	3,382
Net assets	2,901	3,268

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Target Group is principally engaged in the operation of entertainment and amusement facilities in Cambodia and Vietnam.

The principal activities of the Group are pachinko and pachislot hall operations, hotel and restaurant operations. The Acquisition represents a strategic opportunity for the Group to establish its leading presence in gaming and entertainment industry in Southeast Asia and broaden the types of entertainment provided by the Group; and is in line with the overall business strategies and the expansion plan of the Group to diversify income source and enhance Shareholders' investment return.

The Directors (including the independent non-executive Directors) consider that the Acquisition is conducted under arm's length negotiations between the Company and the Vendors and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the largest of the percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company which is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement set out in Chapter 14 of the Listing Rules. For the avoidance of doubt, the consideration ratio of the Acquisition was calculated based on the Directors' estimated amount of the Consideration, which is in turn subject to the debt and cash position of the Target Group as at the Cut-off Date and the Completion Date, as further described in "Consideration" above. The Directors are of the view that it is unlikely that the final amount of the Consideration will render the consideration ratio of the Acquisition being higher than 25%.

Shareholders and potential investors should note that the completion of the Acquisition is subject to satisfaction (or, if applicable, waiver) of certain conditions precedent. There is no assurance that the Completion contemplated under the Agreement will take place. Shareholders and potential investors are advised to exercise caution in dealing in the Shares.

DEFINITIONS

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

"Acquisition"	the proposed acquisition of the Sale Shares by the Company from the Vendors pursuant to the terms and conditions of the Agreement.
"Agreement"	the share sale and purchase agreement dated 31 October 2017 entered into between the Company and the Vendors, pursuant to which the Company shall acquire the Sale Shares from the Vendors.
"Asset Link"	有限会社アセットリンク (Asset Link Inc.*), a company incorporated in Japan with limited liability on 9 March 2005 and whose registered address is 4114-8, Kasahara-cho, Tajimi-City, Gifu, 507-0911, Japan.
"Board"	board of directors of the Company.
"business day(s)"	any day (other than a Saturday, Sunday or a public holiday) on which banks in Japan are generally open for business.
"Cambodia"	Kingdom of Cambodia.
"close associate(s)"	has the meaning ascribed to it under the Listing Rules.

“Company”	株式会社ニラク・ジー・シー・ホールディングス (NIRAKU GC HOLDINGS, INC.*), a stock company incorporated in Japan with limited liability on 10 January 2013 (registration number 3800-01-022352) and whose registered address is 1-1-39 Hohaccho, Koriyama-shi, Fukushima, Japan and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1245).
“Completion”	completion of the Acquisition
“Completion Date”	the day on which the completion of the Acquisition shall take place, which shall be 20 November 2017 or such other date as the parties of the Agreement may agree in writing.
“Consideration”	means the consideration of the Acquisition as described in “Consideration” above.
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules.
“Cut-off Date”	the last day of the preceding month prior to the Completion Date which is expected to be 31 October 2017 subject to the change of Completion Date.
“DGC”	Dream Games (Cambodia) Co., Ltd, a company incorporated in Cambodia with limited liability on 9 January 2013 and whose registered address is #235, st63, Bengkangkong1, Chamkamon, Phnom Penh, Cambodia, a wholly-owned subsidiary of the Target Company.
“DGJ”	ドリームゲームズ株式会社 (Dream Games Co., Ltd*), a company incorporated in Japan with limited liability on 9 April 2013 and whose registered address is 2-37-17, Higashi Ikebukuro, Toshima-ku, Tokyo, Japan, a wholly-owned subsidiary of the Target Company.
“DGV”	Dream Games Vietnam Company Limited, a company incorporated in Vietnam with limited liability on 10 April 2013 and whose registered address is Tower, 193 Dinh Tien Hoang Str., Da Kao Ward, District 1 Ho Chi Minh City, Vietnam, a wholly-owned subsidiary of the Target Company.
“Director(s)”	directors of the Company.
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China.
“JPY”	Japanese yen, the lawful currency in Japan.

“LiNK-UP”	LiNK-UP 株式会社 (LiNK-UP Co., Ltd*), a company incorporated in Japan with limited liability on 6 January 1995 and whose registered address is 4-3-15, Jingumae, Shibuya-Ku, Tokyo, 150-0001, Japan.
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange.
“Laws”	law, government ordinance, regulation, order, municipal ordinance, official notification, administrative guidance, guideline judicial or administrative agency drafts and any other regulations which are publicly available or informed to the Vendors, the Company or Target Group in Singapore, Vietnam, Cambodia, Hong Kong and Japan.
“Long Stop Date”	6 months after the execution date of the Agreement or 20 business days after failure of registration for change of shareholders in the Target Company, whichever is earlier.
“Parties”	the Vendors and the Company and each a Party.
“Sale Share(s)”	1,580,532 ordinary shares and 625,953 preferred shares, representing the total number of outstanding shares issued by the Target Company after the conversion of convertible bonds (which is expected to take place before Completion).
“Singapore”	Republic of Singapore.
“Share(s)”	ordinary share(s) issued by the Company.
“Shareholder(s)”	shareholders of the Company.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.
“Subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules.
“Target Company”	Dream Games Singapore Pte. Ltd, a company incorporated in Singapore with limited liability on 3 November 2014 and whose registered address is 80 Robinson Road #10-01A Singapore 068898.
“Target Group”	Target Company with its subsidiaries, including DGV, DGC and DGJ.
“US\$”	U.S. Dollars, the lawful currency of the United States.

“Vendors” vendors of the Sale Shares comprising 渡邊久憲 (Hisanori WATANABE*), Asset Link, 高山和紀 (Kazunori TAKAYAMA*), 小澤直道 (Naomichi OZAWA*), 山村家康 (Ieyasu YAMAMURA*), 丸山敬太 (Keita MARUYAMA*), LiNK-UP, 江口正人 (Masato EGUCHI*), 齋藤幹雄 (Mikio SAITO*), 松村章吾 (Shogo MATSUMURA*), 船越孝至 (Takashi FUNAKOSHI*), 天尾司 (Tsukasa AMAO*), 高井隆司 (Ryuji TAKAI*) and 林政之 (Masayuki HAYASHI*), each being a party to the Agreement.

“Vietnam” Socialist Republic of Vietnam.

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

Fukushima, Japan, 31 October 2017

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

* For identification purposes only