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NIRAKU GC HOLDINGS

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

ACQUISITION OF LAND AND BUILDINGS IN KOKONOE-MACHI, JAPAN

The Board is pleased to announce that, on 18 April 2025, the Purchaser (a non-wholly-owned subsidiary of the Company) entered into the Purchase and Sale Agreement with the Seller (an Independent Third Party) for the acquisition of the Land and the Buildings located at Kokonoe-machi, Kusu-gun, Japan at a total consideration of JPY798.4 million (equivalent to approximately HK\$42.3 million). Pursuant to the Purchase and Sale Agreement, upon completion of the Acquisition, the Purchaser shall succeed the rights and obligations of the Seller under the existing lease of the Buildings with the Lessee (an Independent Third Party).

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the Purchase and Sale Agreement are greater than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE ACQUISITION

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* for identification purpose only

The principal terms of the Purchase and Sale Agreement are as follows:

Date:	18 April 2025
Parties:	(1) Seller (2) Purchaser
Subject matter:	The Purchaser shall acquire from the Seller (i) the Land, comprising of 5 individual lots with a total area of approximately 26,754.7 sq. m. located in Kokonoe-machi, Kusu-gun, Japan; and (ii) the Buildings constructed on the Land (being a ryokan inn), comprising a two-storey building and 12 annexed single-storey buildings with a total floor area of approximately 1,554.50 sq. m..
Completion Date:	1 May 2025
Consideration:	The total consideration for the Acquisition is JPY798.4 million (equivalent to approximately HK\$42.3 million), which comprises the purchase price of the Land, the purchase price of the Buildings, and the amount of consumption tax and local consumption tax.
Payment terms:	The full amount of the consideration in the sum of JPY798.4 million (equivalent to approximately HK\$42.3 million) shall be paid on the Completion Date.
Completion:	The Land and the Buildings shall be transferred from the Seller to the Purchaser at the time of payment of the consideration by the Purchaser on the Completion Date. On the same date, the Seller shall handover the Land and the Buildings to the Purchaser.
Lease arrangement:	The Buildings are currently leased to the Lessee. The Purchaser shall succeed all of the Seller's contractual status, rights and obligations under the existing lease of the Buildings on the Completion Date, and the Purchaser and the Lessee have mutually agreed to terminate the lease on 31 October 2026.

The consideration for the Acquisition was determined after arm's length negotiations between the parties by reference to prevailing local market conditions, the location, rental yield and the investment potential of the Land and the Buildings, with reference to the appraised market value as advised by an independent valuer. The Directors (including the independent non-executive Directors) are of the view that the consideration for the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as whole.

INFORMATION OF THE LAND AND THE BUILDING

The Land comprises five lots of land located at Kokonoe-machi, Kusu-gun, Japan, two of which are mineral spring sites. The total area of the Land is approximately 26,754.7 sq. m..

The Buildings constructed on the Land comprise a two-storey building and 12 annexed single-storey buildings with a total floor area of approximately 1,554.50 sq. m.. The Buildings were constructed as a hot spring ryokan inn with 11 private villas consisting of 12 guest rooms, each guest room with its own outdoor hot spring bath. The Buildings are currently leased to the Lessee who operates the facility under the name “KAI Aso (界 阿蘇)”.

The appraised market value of the Land and the Buildings as advised by an independent valuer is JPY1.37 billion (as at 1 March 2025).

INFORMATION OF THE GROUP AND THE PARTIES

The Group is principally engaged in pachinko and pachislot hall operations, hotel and restaurant operations in Japan, and amusement arcade operations in Southeast Asian countries.

The Purchaser is an indirect non-wholly-owned subsidiary of the Company currently held as to 75% by the Group and 25% by its joint venture partner, Core Holdings. The Purchaser is principally engaged in hotel operations.

The Seller is real estate investment trust (REIT) company incorporated in Japan and listed on the Tokyo Stock Exchange. Its sponsor is Hoshino Resorts and its asset manager is Hoshino Asset Management. The Seller is principally engaged in hotel and resorts investment.

The Lessee is a company incorporated in Japan with limited liability and a wholly-owned subsidiary of Hoshino Resorts. The Lessee is principally engaged in hotel management and operations.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Seller, the Lessee and their ultimate beneficial owner(s) are Independent Third Parties of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE ACQUISITION

One of the principal business activities of the Group is hotel operations in Japan, and the Group has recently added two onsen inns and a hot spring ryokan inn to the Group’s hotel portfolio in August 2024 and April 2025 respectively. As the tourism industry in Japan has been undergoing a strong revival since the COVID-19 pandemic, and more and more foreigners are travelling to Japan for leisure tourism, the management of the Group is cautiously optimistic about the continuous recovery and development potential of the tourism industry in Japan.

The Buildings located on the Land form an established hot spring ryokan inn in a scenic location attractive to leisure tourists travelling to Japan. Kokonoe-machi, Kusu-gun, is located in the western part of Oita Prefecture, and its southwestern part borders Kumamoto Prefecture. Tourism is an important industry for the town, centering on the nature spreading out at the foot of the Kuju Mountain Range and the hot springs scattered throughout the area. With the addition of the ideally located ryokan inn to the Group's hotel portfolio, the management of the Group is of the view that the Group will be better positioned to capture the business opportunities brought by the recovery and development potential of the tourism industry in Japan.

As there is room for extension of the ryokan inn within the Land, it is the current intention of the Purchaser that extension works will be conducted in the near future to increase the total number of guest rooms from 12 to 19. With the attractive price of the Land and the Buildings as compared to the appraised market value, the expected rental yield, in addition to the development potential of the Land, the management of the Group considers that the Acquisition presents a great opportunity for the Group to further expand its hospitality business.

Taking into account the above factors, the Directors (including the independent non-executive Directors) consider that the terms of the Acquisition are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

None of the Directors has any material interests in the Acquisition and therefore, none of them has abstained from voting on the Board resolution(s) approving the Purchase and Sale Agreement and the transaction contemplated thereunder.

The consideration and other expenses for the Acquisition will be funded partly by internal resources of the Group, partly by the other shareholder of the Purchaser, and partly by external financing. It is expected that approximately 75% of the total consideration will be funded by loan proceeds to be obtained by the Purchaser from financial institutions.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the Purchase and Sale Agreement are greater than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

For the avoidance of doubt, the leasing of the Buildings to the Lessee after completion of the Acquisition will not constitute operating leases which will have a significant impact on the operations of the Company for the purpose of Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Land and the Buildings by the Purchaser from the Seller pursuant to the Purchase and Sale Agreement
“Board”	the board of Directors
“Buildings”	the two-storey building located at 628-6, Aza Senomoto, Oaza Yutsubowith, Kokonoe-machi, Kusu-gun, Oita Prefecture, Japan, and 12 annexed single-storey buildings with a total floor area of approximately 1,554.50 sq. m.
“Company”	NIRAKU GC HOLDINGS, INC.* (株式会社ニラク・ジー・シー・ホールディングス), which is a stock company* (株式会社) incorporated in Japan with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion Date”	1 May 2025, being the date on which the transfer of ownership of the Land and the Buildings shall take place in accordance with the Purchase and Sale Agreement
“connected person(s)”	shall have the meaning as ascribed to it under the Listing Rules
“Core Holdings”	Core Holdings, a company incorporated in Japan with limited liability whose ultimate beneficial owner is Masazumi NAKANO
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hoshino Asset Management”	Hoshino Resort Asset Management Co., Ltd.* (株式会社星野リゾート・アセットマネジメント), a company incorporated in Japan with limited liability, a wholly-owned subsidiary of Hoshino Resorts and the asset manager of the Seller

“Hoshino Resorts”	Hoshino Resorts Inc.* (株式会社星野リゾート), a company incorporated in Japan with limited liability and the sponsor of the Seller
“Independent Third Party(ies)”	third party(ies) who is/are independent of the Company and its connected persons
“JPY” or “¥”	Japanese Yen, the lawful currency of Japan
“Land”	lot nos. 628-6, 628-7, 628-13, 628-14 and 628-40 located in Aza Senomoto, Oaza Yutsubo, Kokonoe-machi, Kusu-gun, Japan with a total area of approximately 26,754.7 sq. m.
“Lessee”	Hoshino Resorts Management Co., Ltd.* (株式会社星野リゾート・マネジメント), a company incorporated in Japan with limited liability and a wholly-owned subsidiary of Hoshino Resorts
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Purchase and Sale Agreement”	the purchase and sale agreement in respect of the Land and the Buildings entered into between the Seller and the Purchaser on 18 April 2025
“Purchaser”	NBI Regional Revitalization Investment Co., Ltd.* (株式会社NBI地方創生インベストメント), a limited liability company incorporated in Japan and an indirect non-wholly-owned subsidiary of the Company, the shares of which are held as to 75% by the Group and 25% by Core Holdings
“Seller”	Hoshino Resorts REIT, Inc.* (星野リゾート・リート投資法人), a company incorporated in Japan with limited liability whose shares are listed on the Tokyo Stock Exchange (Securities Code: 3287)
“Share(s)”	common share(s)* (普通株式) in the share capital of our Company
“Shareholder(s)”	holder(s) of Share(s)
“sq. m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

() The English titles marked with “*” are unofficial English translations of the Japanese titles of natural persons, legal persons, governmental authorities, institutions, laws, rules, regulations and other entities for which no official English translation exists. These titles are for identification purpose only.*

In this announcement, certain amounts denominated in ¥ are translated into HK\$ at the exchange rate shown below, but such conversions shall not be construed as representations that amounts in ¥ were or may have been converted into HK\$ at such rate or any other exchange rates or at all: ¥1 = HK\$0.053.

On behalf of the Board
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

Chairman, Executive Director and Chief Executive Officer

Fukushima, Japan, 22 April 2025

As at the date of this announcement, the executive Directors are Hisanori TANIGUCHI and Masataka WATANABE; the non-executive Director is Hiroshi BANNAI; and the independent non-executive Directors are Michio MINAKATA, Yoshihiro KOIZUMI, Kuraji KUTSUWATA, Akihito TANAKA and Reiko HACHISUKA.