

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

OVERVIEW

We are an entertainment, gaming and leisure group comprising (i) one integrated land-based casino and resort and two full-service land-based casinos operating in the Czech Republic, offering primarily slot machines and table games, and (ii) three hotels in Germany and one hotel in Austria that offer accommodation, catering, conference, and leisure services. Our Land Based Gaming Business and German and Austrian Hotel Business were acquired by the FEC Group through the Merger in 2018, and since then we have expanded our gaming offerings with the addition of new slot machines and the launch of poker game, and rebranded our casinos to "*Palasino*". We began preparing for the launch of our Online Gaming Business with the establishment of Palasino Malta in 2021.

FEC is one of our Controlling Shareholders with subsidiaries principally engaged in (i) property development; (ii) hotel operations and management (comprising our German and Austrian Hotel Business and the hotels of the Remaining FEC Group); (iii) gaming and related operations (i.e. our Land Based Gaming Business); (iv) car park operations and facilities management; (v) property investment; (vi) securities and financial product investments; and (vii) provision of mortgage services.

By way of background, the Merger occurred in March 2018. Prior to the Merger, TWC was a company listed on the OTC Markets Group OTCQB. To the best of the knowledge, information and belief of our Directors, having made all reasonable enquires, TWC and its ultimate beneficial owner(s) were third parties independent of FEC and its connected persons. FEC UK (an indirect wholly-owned subsidiary of FEC), FEC Investment (US) Limited (then a direct wholly-owned subsidiary of FEC UK), and TWC entered into an agreement and plan of merger (the "**Merger Agreement**"), pursuant to which FEC Investment (US) Limited would merge with and into TWC, such that TWC would continue as the surviving corporation. TWC became a wholly-owned subsidiary of FEC UK on 30 April 2018 and TWC was officially delisted from the OTC Markets Group OTCQB on the same day. Each share of TWC's common stock was cancelled and converted into the right to receive US\$4.1886 (equivalent to approximately HK\$32.6711) per share, without interest and less withholding taxes (the "**Privatisation Offer Price**"). The aggregate consideration paid by the FEC Group in the Merger for all of the outstanding equity interests of TWC was US\$42 million (equivalent to approximately HK\$327.6 million), minus certain expenses of TWC. The FEC Group paid for the consideration in cash and this was funded from the FEC Group's internal resources. As stated in the announcement of FEC dated 5 March 2018, it was considered that the Merger would, among others, allow FEC to expand its hospitality offerings in Europe and establish a gaming platform.

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To the best knowledge, information and belief of our Directors, having made all reasonable inquiries, our Directors confirm that in respect of our Group's businesses:

- (a) TWC had, during the period it was listed on the OTC Markets Group OTCQB, complied in all material aspects with the applicable requirements of the US securities laws and regulations as well as rules and regulations of the OTC Markets Group OTCQB; and
- (b) there are no matters in relation to the prior listing of TWC that need to be brought to the attention of the Shareholders.

Given that more than five years have passed since the Merger, we have not provided any comparison of the Privatisation Offer Price with the [REDACTED]. During this five year period, market conditions have improved, our Group has rebranded and established a stronger market position to have met the challenges of COVID-19. As a result, our Group's value has grown beyond the aggregate acquisition price paid by the FEC Group of US\$42 million. It is expected that our Group's business will continue to grow and benefit from the [REDACTED], which will provide our Group with a separate fund-raising platform and broaden our [REDACTED] base.

OUR MILESTONES

The following events are the key development milestones of our Group following the Merger:

- 2018 FEC acquired the Land Based Gaming Business and German and Austrian Hotel Business through the Merger.
- 2020 Poker was introduced at *Palasino Excalibur City* and *Palasino Wulowitz*.
- 2021 We began preparing for the launch of our Online Gaming Business with the establishment of Palasino Malta.
- 2022 Our Group's casinos were rebranded from "*American Chance Casinos*" to "*Palasino*".

Palasino Group became ISO 27001 certified.

Palasino Malta was granted an online gaming licence by the MGA.

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CORPORATE DEVELOPMENT

Our Company

Our Company was incorporated under the laws of the Cayman Islands as an exempted company with limited liability on 6 July 2023. As a result of the Reorganisation, our Company became the holding company of our subsidiaries. See "Reorganisation" of this section for details.

Our Major Subsidiaries

Our major subsidiaries that made a material contribution to our results of operations during the Track Record Period are set out below:

Company	Date of establishment and commencement of business	Equity interests held by our Group as at the Latest Practicable Date	Place of establishment	Principal business activities
Palasino Group	6 September 1995	100%	Czech Republic	Hotel and casino operations and investment holding
Trans World Germany	3 December 2003	100%	Germany	Hotel operations
Trans World Austria	15 January 1992	100%	Austria	Hotel operations

Please refer to Note 35 to the Accountants' Report in Appendix I to this document for a summary of the corporate information and the particulars of all of our subsidiaries.

On 10 February 2023, Turbo Century, Dateplum and Blossom International Investment Holdings Limited entered into a subscription agreement, pursuant to which Dateplum subscribed for 10% of the equity interest of Turbo Century for a cash consideration of US\$20,000,000 (equivalent to approximately HK\$156,000,000). As stated in the announcement of FEC dated 20 March 2023, FEC's intention was to explore capital market opportunities in relation to the gaming business segment.

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Reorganisation

In anticipation of the [REDACTED], our Group underwent the Reorganisation to consolidate the Land Based Gaming Business, the German and Austrian Hotel Business and the Online Gaming Business from the FEC Group into our Group. The Reorganisation [was] implemented in the manner described below:

- (a) On 6 July 2023, our Company was incorporated in the Cayman Islands with an authorised share capital of HK\$50,000 divided into 50,000 Pre-subdivision Shares of par value of HK\$1.00 each. Upon incorporation, one fully paid Pre-subdivision Share was issued to the initial subscriber, who transferred the one fully paid Pre-subdivision Share to Ample Bonus.
- (b) On 25 July 2023, BVI Holdco was incorporated in the British Virgin Islands and was authorised to issue a maximum of 50,000 shares of par value of US\$1.00 each. On 27 July 2023, one fully paid share of BVI Holdco was allotted and issued to our Company as the initial subscriber.
- (c) As between our Group and the Remaining FEC Group, the inter-company balances (in respect of the Singford Loans and the BC Agreement) were transferred such that a single net balance was owed by FEC UK to Palasino Group (save for certain indebtedness owed by FECL to Palasino Group which was settled in [●]). The net inter-company balance (the "**Inter-company Balance**") was set-off in its entirety by a dividend (the "**Dividend**") declared and paid by Palasino Group to FEC UK on 8 September 2023 of an amount equal to the Inter-company Balance.
- (d) On [●], FEC UK and BVI Holdco entered into a share contribution agreement whereby FEC UK contributes 100% of the shareholding interest in Palasino Group for 99 newly issued shares in BVI Holdco, representing 99% of BVI Holdco's issued shares upon completion of the allotment and issuance of shares. Upon completion of the share contribution, Palasino Group became wholly-owned by BVI Holdco.
- (e) On [●], 99% of the shareholding interest in BVI Holdco was transferred to Ample Bonus by FEC UK. The consideration for this transfer of approximately US\$42 million (by reference to the net book value of BVI Holdco) was settled by the issue of a promissory note by Ample Bonus to FEC UK. Upon completion of the share transfer, BVI Holdco became owned as to 99% by Ample Bonus and 1% by our Company.
- (f) On [●], 10% of the shareholding interest in BVI Holdco was transferred to Dateplum by Ample Bonus, in consideration of Dateplum transferring the 10% of shareholding interest in Turbo Century held by it to Ample Bonus. Upon completion of the share transfers, BVI Holdco became owned as to 89% by Ample Bonus, 1% by our Company and 10% by Dateplum.

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- (g) On [●], 89% of the shareholding interest in BVI Holdco was transferred to our Company by Ample Bonus, in consideration of our Company issuing 89 Pre-subdivision Shares to Ample Bonus, representing 98.89% of our Company's total share capital upon completion of the allotment and issuance of Pre-subdivision Shares. On the same day, 10% of the shareholding interest in BVI Holdco was transferred to our Company by Dateplum, in consideration of our Company issuing 10 Pre-subdivision Shares to Dateplum, representing 10% of our Company's total share capital upon completion of the allotment and issuance of Pre-subdivision Shares. After such issuances, our Company became owned as to 90% by Ample Bonus and 10% by Dateplum and BVI Holdco became wholly-owned by our Company.

On [●], our then Shareholders passed an ordinary resolution to approve the Share Subdivision, pursuant to which, every issued and unissued ordinary share of HK\$1.00 par value in our Company was subdivided into 100 ordinary shares of HK\$0.01 par value each. The shareholding percentages of the then Shareholders remained unchanged after the Share Subdivision. On [●], our Company increased its authorised share capital to HK\$20,000,000 divided into 2,000,000,000 Shares of par value of HK\$0.01 each.

Pursuant to the written resolutions of our Shareholders passed on [●], conditional on the share premium account of our Company being credited as a result of the [REDACTED] or otherwise having sufficient balance, our Directors are authorised to [REDACTED] standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par [REDACTED] Shares for issue and allotment to holders of Shares whose names appear on the register of members of our Company on the date of passing such resolution in proportion (as near as possible without involving fractions so that no fraction of a Share shall be issued and allotted) to their then existing respective shareholdings in our Company. Our Shares to be issued and allotted pursuant to such resolution shall carry the same rights in all respects with the existing issued Shares.

Compliance with Laws and Regulations

As of the Latest Practicable Date, the establishment of our Company and transfers of equity interests [have been] properly and legally completed in compliance with the applicable laws and regulations.

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POST-TRACK RECORD PERIOD ACQUISITIONS

Polish Acquisition

On 20 July 2023, Palasino Group entered into a share sale agreement with the Polish Vendors pursuant to which Palasino Group agreed to acquire the 100% shareholding interest of Palasino Poland held by the Polish Vendors for a cash consideration of PLN98,709 (equivalent to approximately HK\$187,547). The consideration was determined after arm's length negotiation with reference to, among others, Palasino Poland's value to our business as a Polish corporate vehicle with the requisite financial track record to facilitate the launch of our land based gaming business in Poland. The Polish Acquisition was completed in July 2023.

Palasino Poland is a limited liability company incorporated in Poland on 11 May 2021 and, prior to the Polish Acquisition, was licenced to conduct car lease brokerage business. After the Polish Acquisition, it is intended that Palasino Poland would bid for casino licences in Poland.

There is currently minimal business in Poland and the Polish Acquisition is merely to facilitate the establishment of a Polish corporate vehicle to tender for casino licences in Poland. There is no assurance that we will be successful in the launch of the business, which is subject to, among others, winning any licences.

Possible European Acquisition

On 26 July 2023, Palasino Group entered into a letter of intent with the European Vendors, pursuant to which Palasino Group expressed its intention to negotiate towards an agreement to purchase 100% of the shareholding interest in the Target Company held by the European Vendors for an indicative consideration of €3,500,000 (equivalent to approximately HK\$29,925,000). The consideration is expected to be settled in cash and is based on arm's length negotiation between the European Vendors and us. Should the Possible European Acquisition proceed, we intend to use our internal resources to satisfy the consideration.

The Target Company is principally engaged in online and mobile gaming in a European licenced market and holds a general gaming licence and single licences for poker, slots, blackjack and roulette. The Possible European Acquisition is subject to satisfactory due diligence and the Target Company maintaining all of its licences. The Possible European Acquisition is part of our efforts to expand our footprint in the online gaming space.

The Possible European Acquisition is at an early stage and is yet to be finalised and the exact terms are to be negotiated. Due diligence is currently underway and there is no assurance that the Possible European Acquisition will proceed.

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[REDACTED] OF OUR GROUP FROM FEC

FEC has concluded that our Group's business is of a size which merits a separate [REDACTED] and that such [REDACTED] will be beneficial to our Group for the following reasons:

- (a) it provides flexibility and a separate fund-raising platform for our Group in raising future funds from the capital markets to support its growth;
- (b) it would better reflect the value of our Group on its own merits and increase its operational and financial transparency through which [REDACTED] would assess the performance and potential of our Group separately and independently from the FEC Group;
- (c) it would enable the management teams of the FEC Group and our Group to focus on the respective core businesses of the two groups, thereby enhancing efficiency in their respective decision-making processes and responsiveness to market changes; and
- (d) FEC intends to maintain a more than 50% equity interest in our Company. Accordingly, FEC will continue to benefit from any potential upside in the businesses to be owned by our Group through consolidation of financial results generated by our Group.

The [REDACTED] by FEC complies with the requirements of Practice Note 15 of the Listing Rules. The [REDACTED] is not subject to the approval by the shareholders of FEC.

THE [REDACTED] INVESTMENT

Overview

Pursuant to a subscription agreement entered into among Turbo Century, Dateplum and Blossom International Investment Holdings Limited on 10 February 2023, Dateplum subscribed for 10% of the equity interest of Turbo Century at a consideration of US\$20,000,000 (equivalent to approximately HK\$156,000,000). On [●], our Company allotted and issued 10 shares to Dateplum, after which our Company was owned as to 10% by Dateplum. For details, see "Reorganisation" in this section.

Dateplum has not been granted any special rights in relation to our Group under the subscription agreement. The Shares held by Dateplum are considered part of the public float for the purposes of Rule 8.08 of the Listing Rules as (i) Dateplum is not a core connected person of our Company; (ii) the subscription of its shareholding interest in our Company was not financed directly or indirectly by any core connected person of our Company; and (iii) it is not accustomed to take instructions from a core connected person in relation to the acquisition, disposal, voting or other disposition of securities of our Company registered in its name or otherwise held by it.

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The following table sets out certain key information of the [REDACTED] Investment:

Name of [REDACTED] investor	Dateplum Harvest Limited
Approximate cost per Share	US\$0.28 (equivalent to approximately HK\$2.18)
Post-money valuation	US\$200,000,000
Date of the agreement	10 February 2023
Discount to the [REDACTED] ^(Note)	[REDACTED]
Amount of the total consideration paid	US\$20,000,000
Settlement date of consideration	20 March 2023
Basis of determination of the consideration	The consideration was determined after arms' length negotiations between the parties with reference to the valuation of the total equity of Turbo Century.
Use of proceeds and whether they have been fully utilised	The agreement prescribed that the proceeds be used as general working capital. After receipt of proceeds, the proceeds were applied to repay shareholders' loans. As at the Latest Practicable Date, all of the proceeds have been utilised.
Strategic benefits	Our Directors believe that the [REDACTED] Investment demonstrated the [REDACTED] investor's confidence in our business operation and prospects, and given its investment and asset management experience, the [REDACTED] investor can provide insights and recommendation in formulating our strategy in future business development.
Percentage of shareholding in our Company upon [REDACTED] (assuming no exercise of the [REDACTED])	[REDACTED]

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Lock-up Twelve months after the completion of the share subscription or six months after the [REDACTED], whichever is later.

Information regarding the [REDACTED] investor Dateplum is a company incorporated in the BVI and a special purpose vehicle established for the purpose of the [REDACTED] Investment. It is indirectly wholly-owned by Blossom International Investment Holdings Limited, a company incorporated in the BVI which is principally engaged in financial investments in equity and debt products in both primary and secondary markets, asset management (through a wholly-owned subsidiary with Type 4 and 9 licences) and commodity trading. Blossom International Investment Holdings Limited is an investor with a diversified portfolio that spans across various sectors and stages of business development and has investment and asset management experience.

The ultimate beneficial owner of Dateplum and Blossom International Investment Holdings Limited is Ms. Yang Fang. To the best of our Directors' knowledge and belief after making due and careful enquiries, Dateplum and its ultimate beneficial owner are Independent Third Parties who do not have any relationship with our Group or any connected persons of the Company save for the [REDACTED] Investment.

Note: The discount to the [REDACTED] is calculated based on the assumption that the [REDACTED] is HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED].

Sole Sponsor's Confirmation

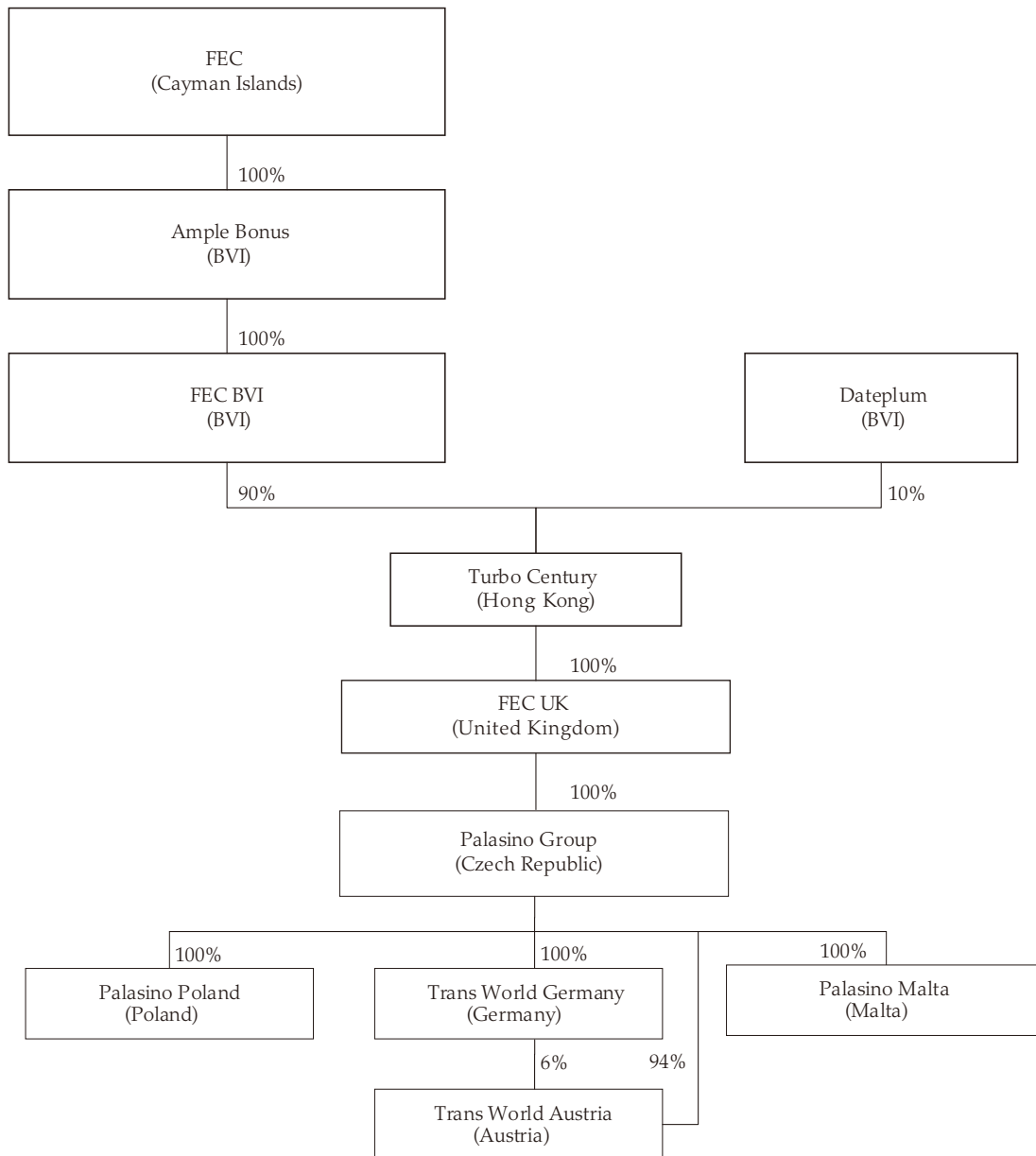
The Sole Sponsor confirms that the [REDACTED] Investment is in compliance with the Interim Guidance on Pre-[REDACTED] Investments (HKEx-GL29-12) issued in January 2012 and updated in March 2017 by the Stock Exchange and the Guidance on [REDACTED] Investments (HKEx-GL43-12) issued in October 2012 and updated in July 2013 and in March 2017 by the Stock Exchange.

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CORPORATE STRUCTURE

Corporate Structure Immediately Prior to the Reorganisation

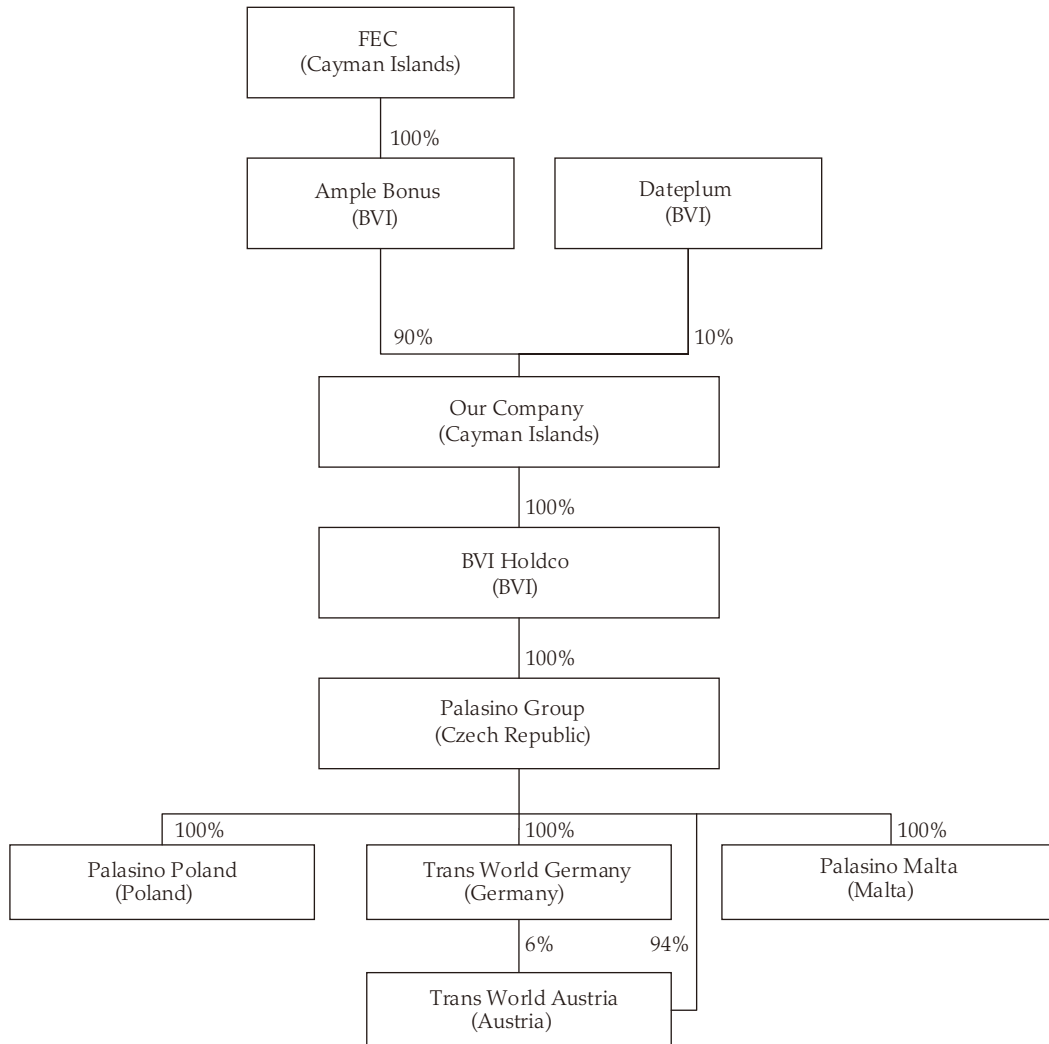
The following chart sets out the corporate structure of our Group, immediately prior to the Reorganisation:



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Corporate Structure After the Reorganisation

The following chart sets out the corporate structure of our Group after the Reorganisation and immediately prior to the [REDACTED] and [REDACTED]:



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Corporate Structure upon Completion of the [REDACTED] and the [REDACTED]

The following chart sets out the corporate structure of our Group upon completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] under the [REDACTED] are fully taken up by [REDACTED] and the [REDACTED] is not exercised):

