

SUMMARY

This summary aims to give [REDACTED] an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to [REDACTED] and is qualified in its entirety by, and should be read in conjunction with, the full text of this document. [REDACTED] should read the whole document including the appendices hereto, which constitute an integral part of this document, before making a decision to [REDACTED] in the [REDACTED]. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in "Risk Factors". [REDACTED] should read that section carefully before making a decision to [REDACTED] in the [REDACTED].

OVERVIEW

We are a 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*". The [REDACTED] will constitute a [REDACTED] of our Group from FEC Group.

Our long operating history in central Europe could be traced back to the establishment of *Palasino Furth im Wald* in 1995. Since then, we actively expanded our casino portfolio with the establishment of *Palasino Excalibur City* in 1999 and *Palasino Wulowitz* in 2004. We tapped into the hospitality business with the launch of *Hotel Savannah* in 2008, which, along with the interconnected *Palasino Excalibur City*, form our landmark resort, *Palasino Savannah Resort*. Over the years, we have built a portfolio of hotels in Germany and Austria through acquisitions, namely *Hotel Columbus*, *Hotel Auefeld* and *Hotel Kranichhöhe*, in Germany and *Hotel Donauwelle* in Austria. We began preparing for the launch of our Online Gaming Business with the establishment of *Palasino Malta* in July 2021.

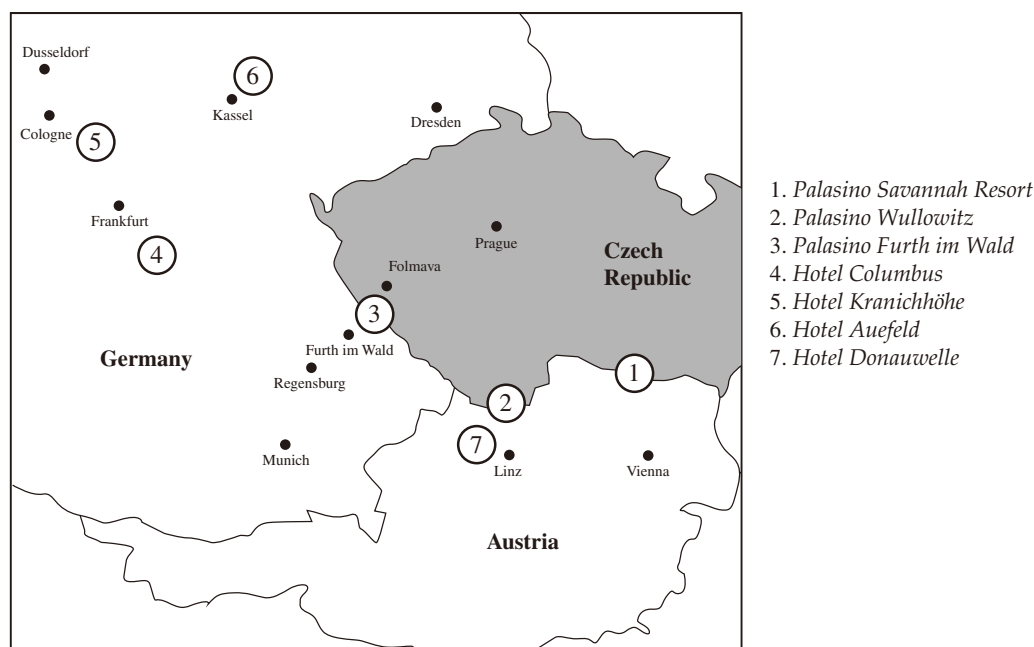
Due to the outbreak of COVID-19, the governments of the countries which we mainly conduct our business operations, have imposed a series of measures to contain its spread. Such measures have led to the closure of our casinos and hotels for intermittent periods during the years ended 31 March 2021 and 2022. Our casinos and hotel in the Czech Republic were ordered by the government to close for intermittent periods of seven months during the year ended 31 March 2021 and two months during the year ended 31 March 2022. Our hotels in Germany and Austria were ordered by the government to close for intermittent periods of five months during the year ended 31 March 2021 and two months during the year ended 31 March 2022. During the Track Record Period, our performance has improved due to the easing of lockdown protocols and the gradual recovery of the global economy. Our revenue increased from HK\$145.8 million for the year ended 31 March 2021 to HK\$351.2 million for the year ended 31 March 2022, and further increased to HK\$529.0 million for the year ended 31 March 2023, representing 140.9% and 50.6% year-on-year increase, respectively. We experienced continuous growth, with our revenue increased by 15.6% from HK\$240.8 million for the six months ended 30 September 2022 to HK\$278.3 million for the six months ended 30 September 2023. [REDACTED] should note that the year-on-year comparison of revenue during the Track Record Period

SUMMARY

was significantly influenced by the lockdown protocols imposed by local governments, which adversely affected our financial performance for the years ended 31 March 2021 and 31 March 2022. Such comparison should not be viewed to suggest that there has been a significant growth in our business and financial performance during the years. Our net profit increased significantly from HK\$2.6 million for the year ended 31 March 2021 to HK\$40.1 million for the year ended 31 March 2022, and further increased to HK\$44.2 million for the year ended 31 March 2023, representing 1,442.3% and 10.2% year-on-year increase, respectively. Our net profit decreased by HK\$5.2 million or 23.3% from HK\$22.3 million for the six months ended 30 September 2022 to HK\$17.1 million for the six months ended 30 September 2023 due to the [REDACTED] incurred for the [REDACTED] and [REDACTED]. Our adjusted EBITDA (non-HKFRS measure) amounted to HK\$32.1 million, HK\$77.0 million, HK\$85.4 million, representing 139.9% and 10.9% year-on-year increase, respectively, for the three years ended 31 March 2023, and HK\$44.5 million and HK\$52.2 million for the six months ended 30 September 2022 and 2023, respectively, representing 17.3% period-on-period increase. Such increase is consistent with the growing trend demonstrated during the three years ended 31 March 2023.

OUR LOCATIONS

The following diagram illustrates the location of our casinos and hotels in central Europe.



OUR GAMING OPERATIONS

Our Casinos

Our casino operations mainly consist of one integrated land-based casino and resort complex and two full-service land-based casinos, namely (i) *Palasino Excalibur City* which forms part of *Palasino Savannah Resort*, (ii) *Palasino Wulowitz*, and (iii) *Palasino Furth im Wald*. Our brand with the word "Palasino" is a combination of the words "Palace" and "Casino", which not only evokes a sense of grandeur associated with palaces but also highlights our core business as a casino operator.

SUMMARY

The following table sets forth an overview of our land-based casino portfolio as at 30 September 2023:

	<i>Palasino Excalibur City, which forms part of Palasino Savannah Resort (formerly named as American Chance Casinos Route 59)</i>	<i>Palasino Wulowitz (formerly named as American Chance Casinos Route 55)</i>	<i>Palasino Furth im Wald (formerly named as American Chance Casinos Ceska Kubice)</i>
Location	Chvalovice-Hatě, the Czech Republic	Dolní Dvořiště, the Czech Republic	Česká Kubice, the Czech Republic
Year of commencement of operations	1999	2004	1995
Gaming area (sq.m.)	1,913	1,650	1,450
Opening hours	24/7	24/7	Seven days a week 2 p.m. to 4 a.m. (Sunday to Thursday) 2 p.m. to 6 a.m. (Friday and Saturday)
Slot machines	289	169	110
Gaming tables (including poker tables)	32	19	11
Food and beverage facilities	2 bars	1 restaurant and 3 bars	1 restaurant and 2 bars
Major amenities	260 parking spaces 2 open-space terraces	142 parking spaces 1 outdoor balcony	119 parking spaces 1 outdoor terrace
Guest rooms	–	3	5

For further details of our casinos, please refer to the sub-paragraph headed "Our Casinos" under the paragraph headed "Business — Our Gaming Operations" in this document.

Gaming Options

We offer a variety of gaming options across our three casinos. The gaming options are generally divided into two main categories: slot machines and table games.

(1) Slot machines

Slot machines are electronic games that feature screens displaying various symbols that rotate when a game is started. Each machine specifies its rules and betting options, and players win when specific combinations result. Our Group currently sources slot machines from four different suppliers. All of these suppliers offer machines with

SUMMARY

multi-game themes, offering up to over 50 games per machine, allowing players to switch between games without having to switch machines. During the Track Record Period and up to the Latest Practicable Date, no purchase order had been turned down by our slot machine suppliers. There are other readily available suppliers from which our Group could purchase slot machines at similar quality (including the quality of the devices and the software of the games) and terms (such as price, warranty period, maintenance services and technical support) offered by the current slot machine suppliers, given that, other than the four of our current suppliers, there are other four major slot machine suppliers, who have passed both (i) the testing by approved gaming equipment test laboratories and (ii) the certification process of the Ministry of Finance, in order for their machines to be sold and operated in licenced casinos in the Czech Republic, according to CIC.

As at 30 September 2023, our Group owned 19.2% of the total number of slot machines while the remainder are leased. Machine variety is very important to our business as having an optimal mix of machines with different volatility, jackpots, and playing modes is critical for maintaining and increasing customer traffic at our casinos. This variety of offerings not only increases our competitiveness in the market but also enhances customer loyalty by providing an engaging and exciting gaming experience that encourages them to return to our casinos for different games.

(2) Table Games

We offer classic casino table games operated by a dealer which are played against the house. Some tables are equipped with modern gaming equipment such as roulette wheels and automatic shuffle machines. The major table games we offer at our casinos include Roulette, Blackjack, Double Up Blackjack, and Palasino Texas Hold'em.

We also offer poker, including poker games and poker tournaments, where players play against each other. Poker games are played at a standard poker table and can have different variations of the games, such as Texas Hold'em Poker and Omaha Poker.

For further details of our gaming options, please refer to the sub-paragraph headed "Our Casinos" under the paragraph headed "Business — Our Gaming Operations" in this document.

Selected Operating Statistics of Our Casinos

Gaming revenue

The following table sets forth the breakdown of some of the selected operating statistics of our casinos for the Track Record Period:

	Year ended 31 March			Six months ended	
				30 September	
	2021	2022	2023	2022	2023
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
Slot machine drop ^(Note 1)	1,557,535	4,581,853	6,271,933	2,967,538	3,171,291
Table games drop ^(Note 1)	133,846	330,277	448,503	212,308	197,709
Total	<u>1,691,381</u>	<u>4,912,130</u>	<u>6,720,436</u>	<u>3,179,846</u>	<u>3,369,000</u>

SUMMARY

	Year ended 31 March			Six months ended 30 September	
	2021	2022	2023	2022	2023
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
Gross gaming revenue ^(Note 2)					
Slot machine gross win ^(Note 2)	82,434	216,424	304,160	138,175	165,317
Table games gross win ^(Note 2)	26,904	69,760	95,508	45,498	43,896
Total	<u>109,338</u>	<u>286,184</u>	<u>399,668</u>	<u>183,673</u>	<u>209,213</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Average slot win per machine per day ^(Note 3)	1,152	1,596	1,657	1,619	1,611
Average daily gross win per table ^(Note 3)	2,890	3,515	4,220	3,846	3,987
Slot machine hold percentage ^(Note 4)	5.3%	4.7%	4.8%	4.7%	5.2%
Table hold percentage ^(Note 4)	<u>20.1%</u>	<u>21.1%</u>	<u>21.3%</u>	<u>21.4%</u>	<u>22.2%</u>

Notes:

1. Slot machine drop refers to the total amount of slot machine bets made (coin in) in the slot machines.

Table game drop refers to the total amount of drop collected in the table games drop boxes plus any cash exchanged for chips at the cage.
2. Gross gaming revenue refers to the gross revenue from casino gaming activities (i.e. slot machine gross win and table game gross win), calculated before deduction of gaming tax.

Slot machine gross win refers to the total amount of slot machine bets made (coin in) minus slot machine bets paid out (coin out) that is retained as winnings.

Table game gross win refers to the amount of drop that is retained as winnings.
3. Average slot win per machine per day = Slot machine gross win / ((opening number of machines + closing number of machines)/2) / number of open days
Average daily gross win per table = Table games gross win / ((opening number of tables + closing number of tables)/2) / number of open days
Due to COVID-19 pandemic, our casinos in the Czech Republic experienced intermittent periods of closure of seven months during the year ended 31 March 2021 and two months during the year ended 31 March 2022. Accordingly, we have adjusted our calculations for average slot win per machine per day and average daily gross win per table by excluding the closing days and only took into account the open days of our casinos for the years ended 31 March 2021 and 2022.
4. A – slot machine drop
B – table game drop
C – slot machine gross win
D – table game gross win
Slot machine hold percentage = (C / A) x 100%
Table games hold percentage = (D / B) x 100%

As a result of the impact of the COVID-19 pandemic, our casinos in the Czech Republic were ordered by the government to close for intermittent periods of seven months during the year ended 31 March 2021 and two months during the year ended 31 March 2022.

SUMMARY

Although the COVID-19 pandemic has presented challenging circumstances to the gaming industry since early 2020, our Group has been able to achieve a stable recovery resulting from the easing of lockdown protocols and the relaxation of the closure restrictions. Our gross gaming revenue increased significantly by HK\$176.9 million or 161.8% from HK\$109.3 million for the year ended 31 March 2021 to HK\$286.2 million for the year ended 31 March 2022. Our gross gaming revenue from gaming operations continued to recover during the year ended 31 March 2023, increasing by HK\$113.5 million or 39.7% from HK\$286.2 million for the year ended 31 March 2022 to HK\$399.7 million for the year ended 31 March 2023. Our gross gaming revenue from gaming operations increased by HK\$25.5 million or 13.9% from HK\$183.7 million for the six months ended 30 September 2022 to HK\$209.2 million for the six months ended 30 September 2023 due to the continued recovery of our gaming operation and the gaming industry.

The number of our slot machines, which generated most of our revenue during the Track Record Period, increased from 442 as at 31 March 2021 to 446 as at 31 March 2022 and further increased to 560 as at 31 March 2023. There were 568 slot machines as at 30 September 2023.

Occupancy rate

The following table sets forth the occupancy rate of our slot machines in our three casinos during the Track Record Period:

	For the year ended 31 March			For the six months ended 30 September
	2021	2022	2023	2023
	(%)	(%)	(%)	(%)
Occupancy rate ^(Note 1)				
Overall	20.6	21.8	22.5	20.8
Peak hours ^(Note 2)	70.1	71.1	75.4	69.3

Notes:

- Occupancy rate = (number of slot machines that are actively being used by players/total number of slot machines available) x 100%

A slot machine is regarded as actively being used by players when a player logs into the slot machine during a gaming session by inserting a PAC card.

- Peak hours refer to 8 p.m. to 12 a.m. every Friday and Saturday.

The overall occupancy rate and the occupancy rate during peak hours were slightly lower for the six months ended 30 September 2023 mainly due to the increase of 76 slot machines since the fourth quarter of the financial year ended 31 March 2023.

For further details of our selected operating statistics of the casinos, please refer to the paragraph headed "Business — Selected Operating Statistics of Our Casinos" in this document.

SUMMARY

Casino Operation Flow

For every player visiting our casinos for the first time, they must produce a valid identification document and complete a registration form with their personal information. After completing the registration process, the first-time players will receive a PAC, which allows them to register at reception and participate in gaming activities during future visits. Players who have already been given PACs are required to present their PACs to the reception desk in order to have them recorded on the CMS.

As our Know Your Customer (KYC) procedures, new customers are required to complete registration form, scan identity documents, record customer 's information in the CMS, and conduct politically exposed person check and international sanction check. Any persons subject to national or international sanctions are automatically notified in the CMS and not allowed to enter into our casinos. Customers coming from a country at risk are classified as high-risk customers. When they enter our casinos, automatic notification emails will be sent to the casino management, surveillance team and pit boss for increased monitoring. Database of blacklisted individuals is maintained in the intelligence database in the CMS. Blacklisted individuals are not allowed to enter into our casinos. For further details, please refer to the paragraph headed "Internal Controls and Anti-Money Laundering — Anti-Money Laundering Controls" in this document.

At the registration process, each player is required to provide initial information about his source of funds for playing in the registration form, and declare that the funds have not been obtained from criminal activity and are not intended for nor related to the financing of terrorism, and that he is not a sanctioned person or a PEP (politically exposed person). The players have the obligation to inform us on any change of the source of funds. Players are automatically classified into four customer categories, and each customer category has its monthly deposit limit. Any transactions exceeding the monthly deposit limit are notified in CMS where the pit boss is required to obtain additional information from the player, such as update on the source of funds. In view of the frequencies of visits and the playing amount of players in our casinos, we make continuous checks on the sources of funds of players against the information provided by the players. For further details, please refer to the paragraph headed "Business — Our Operation Flow — Casino operations — (a) Registration process" in this document.

Our Group offers a variety of slot machines with multi-game themes in our casinos. Players must insert their PACs into the slot machine of choice and enter their personal password to commence the game, and the PAC must remain in the machine card-reader throughout the course of playing. To participate in table games and poker, players are required to present their PACs to the dealers for identification and before exchanging their cash for chips at the gaming table. Our players usually exchange cash for chips to be used in table games or cash out credits stored in their PACs at the cage, or vice versa.

Our casino employees assigned to cage and audit operations have key responsibilities that are critical to the smooth functioning of our casinos. These responsibilities include maintaining the cash balance in the casino, handling cash exchange, carrying out daily reporting and creating accounting monthly closing. Casino employees responsible for security are positioned in key areas of the casino, such as at the public entrances and exits, gaming areas, and cages of the casinos. Casino employees work closely with the surveillance department to monitor and review suspicious gaming activities on table games.

SUMMARY

Responsible Gaming Program

It is our responsibility to set up a responsible gaming program to promote safe and responsible gaming behaviour among our customers. Our responsible gaming program includes various measures to ensure that gaming activities in our casinos are conducted in a fair and transparent manner, and that players are provided with the necessary information and resources to make informed decisions about their gaming behaviour. We conduct age and identity verification for every visitor to our casinos. We have a responsible gaming program leaflet at our reception with contact for those in need of help with problem gambling or related issues. We educate all our staff in all gaming operations so that they can assist in identifying players who may have a gaming problem.

Most importantly, as required under the Czech Gambling Act, the gaming operator is obliged to offer a means to the customers to set their own self-limiting measures in relation to their own gaming pattern and behaviour. Our means is to request every player to set his/her self-limiting measures by filling in a registration form. Players can choose to set self-limiting measures or reject to set in the registration form. In addition, players can request a full exclusion from participation in gambling at any premises in the Czech Republic by completing an official application form which will be recorded in the database of the Ministry of Finance.

OUR HOTEL AND CATERING OPERATIONS

Our Hotels

The following is a summary of the operating model in respect of our hotel operations:

- *Model summary:* We self-operate and manage our hotels
- *Revenue/profit model:* There is no revenue or profit sharing component. We collect revenue from accommodation and other self-operated services and facilities in our hotels such as restaurants, bars and other amenities
- *Costs:* We bear the entire operating costs associated with our hotels
- *Property capital expenditure:* All capital expenditure, including repair and maintenance, on our hotels are borne by us
- *Centralised procurement:* As we have three hotels located in Germany, our Group has implemented a centralised procurement system in Germany to cope with our large procurement needs

The following table sets forth an overview of our hotel portfolio as at 30 September 2023:

	<i>Hotel Savannah</i>	<i>Hotel Columbus</i>	<i>Hotel Auefeld</i>	<i>Hotel Kranichhöhe</i>	<i>Hotel Donauwelle</i>
Location	Chvalovice-Hatě the Czech Republic	Seligenstadt, Germany	Hann. Münden, Germany	Much, Germany	Linz, Austria
Year of commencement of operations in our Group	2008	2014	2015	2016	2017

SUMMARY

	<i>Hotel Savannah</i>	<i>Hotel Columbus</i>	<i>Hotel Auefeld</i>	<i>Hotel Kranichhöhe</i>	<i>Hotel Donauwelle</i>
Rating	Four-stars certified by Hotelstars Union, an internationally recognised organisation dedicated to hotel classification				
Target customer type	Leisure travellers and group	Business and corporate clients	Business and corporate clients Leisure travellers and group	Business and corporate clients Leisure travellers and group	Business and corporate clients Leisure travellers and group
Gross floor area (sq.m.)	11,775 ^(Note)	6,845	11,379	12,009	10,782
Number of rooms	79	117	93	107	176
Food and beverage facilities	2 restaurants 1 bar	1 restaurant 1 bar	1 restaurant 1 bar	1 restaurant 1 brasserie	1 restaurant 1 bar
Meeting and conference rooms	6 meeting and conference rooms	7 meeting and conference rooms	11 meeting and conference rooms and 1 multifunctional hall	18 meeting and conference rooms	6 meeting and conference rooms
Major amenities	1 wellness and spa centre 1 wine cellar	1 fitness centre 1 sauna room	1 fitness studio 4 tennis courts 1 table for table tennis 2 squash courts	1 indoor pool 3 tennis courts 1 fitness centre 2 sauna rooms 1 steam bath room	1 fitness area 1 sauna room 1 outdoor terrace

Note: The gross floor area of *Palasino Savannah Resort* comprising *Hotel Savannah* and *Palasino Excalibur City*.

For further details of our hotels, please refer to "Business — Our Hotel and Catering Operations" in this document.

Selected Operating Statistics of Our Hotels

Although the COVID-19 pandemic has presented challenging circumstances to the hotel and catering industry since early 2020, we have been able to achieve a stable recovery resulting from the easing of lockdown protocols and the relaxation of closure restrictions. The average daily room rate of our hotels showed an overall growth trend for the three years ended 31 March 2023 and the six months ended 30 September 2022 and 2023, which was HK\$593, HK\$621, HK\$659, HK\$649 and HK\$703, respectively. Our average daily room rate indicates that our hotels focuses on the mid-market. Our average occupancy rate was 34.8%, 34.7%, 49.0%, 55.0% and 58.0% for the three years ended 31 March 2023 and the six months ended 30 September 2022 and 2023, respectively, which was in line with the industry average. Our RevPAR across our hotels was HK\$183, HK\$218, HK\$324, HK\$357 and HK\$409, respectively, during the same periods, demonstrated an overall growth trend, showcasing our positive and growing operational performance.

For further details of our selected operating statistics of the hotels, please refer to "Business — Selected Operating Statistics of the Hotels" in this document.

SUMMARY

ONLINE GAMING BUSINESS

Through our online gaming platform, we provide various digital games and entertainment options to players over the internet. It is planned that the soft launch of the Online Gaming Business will take place during the first half of 2024. The soft launch will only be available to the players over the age of 18 located in Malta. The scale of the initial operation will be minimal with expectations of limited players during the first six months of operations.

Palasino Malta has been granted a Gaming Service Licence B2C Type 1 by the MGA with a term of 10 years effective from 14 November 2022. In order to support the platform's functionality, we have established the system infrastructure of our online gaming platform, which mainly includes the servers, databases, networking and software, information management and storage system, backup inventory system and system security. The system audit on our online gaming platform has been performed and approved by the MGA.

Our platform is monitored continuously to ensure that access is only limited to an IP address located in Malta. Any player attempting to access our online gaming platform by unauthorised access (such as VPN, proxy servers or other similar gateways) would be detected and attempted registrations will be blocked.

For further details, please refer to the section headed "Business — Online Gaming Business" in this document.

As to the future plans on the Online Gaming Business, it is the current intention of our Group to target on the regulated jurisdictions including those in Central Europe, subject to satisfactory feasibility study of such regulated market or any possible potential market aware of by our Group in the future. Such plan is only the preliminary plan based on the current circumstances and information available to our Group. Same as having the online gaming licence in Malta, in respect of those regulated markets that our Group is proposing to tap into, certain requirements must be met, and online gaming licences must be sought. Our Group will continuously monitor the regulatory development of the jurisdictions where our Group operates in or intends to operate in to ensure that our Online Gaming Business are in compliance with the latest relevant and available rules and regulations.

OUR CUSTOMERS

Gaming revenue is the major revenue source of our Group which accounted for approximately 70% of our total revenue for each of the three years ended 31 March 2023 and the six months ended 30 September 2023. As such, players at our casinos are our main customers. During the Track Record Period, over 95% of our players were from neighbouring countries of the Czech Republic such as Austria and Germany. Since our customers are diversified, we do not rely on any single customers.

Our revenue derived from our five largest customers for each year or period accounted for less than 30% of our total revenue for the three years ended 31 March 2023 and the six months ended 30 September 2023.

SUMMARY

OUR SUPPLIERS

Our suppliers primarily include (i) slot machine suppliers, (ii) suppliers of food and beverage, (iii) CMS provider and (iv) suppliers of utilities and miscellaneous hotel consumables.

For the three years ended 31 March 2023 and the six months ended 30 September 2023, purchases from our top five suppliers for each year or period amounted to HK\$13.7 million, HK\$20.5 million, HK\$31.5 million and HK\$17.9 million, respectively, accounting for 22.9%, 20.7%, 20.1% and 20.8% of our total purchases for the same periods. During the same periods, purchase from our largest supplier amounted to HK\$4.3 million, HK\$9.5 million, HK\$13.0 million and HK\$7.3 million, respectively, accounting for 7.2%, 9.6%, 8.3% and 8.5% of our total purchases for the same periods.

INDUSTRY

Gaming Industry

The land-based casino industry is relatively fragmented in the Czech Republic with the top three casino operators having a market share of 35.4%, in terms of total number of slot machines in the casino, and the remaining casino operators each accounted for less than 5% of the market share. The competition is intense among the casino operators and there are already established players in the industry with resources and/or strong brand recognition. The gaming industry also faces competition from other forms of entertainment and gaming activities such as video lottery terminals, internet gaming, sports betting, state-sponsored lotteries and other forms of legalised gaming in the Czech Republic.

The market size of the Czech Republic's gaming market, in terms of GGR, increased from HK\$10.8 billion in 2018 to HK\$18.6 billion in 2022 with a CAGR of 14.5% between 2018 and 2022, and is expected to further increase to HK\$31.3 billion in 2027, representing a CAGR of 10.3% between 2023 and 2027. The GGR of the land-based gaming industry in the Czech Republic reached HK\$9.3 billion in 2022 with a CAGR of 5.2% between 2018 and 2022. At the end of 2022, there are 472 land-based casinos and 362 gaming halls in the Czech Republic, according to CIC. In 2022, our Group ranked ninth among the casino operators in terms of the total number of slot machines in the Czech Republic, and had a market share of 5.3% of the land-based slot machine industry of the Czech Republic in terms of GGR, according to CIC.

Hotel Industry

The market size of the hotel industry in Central Europe, in terms of revenue, increased from HK\$9.3 billion in 2018 to HK\$9.7 billion in 2019 and decreased to HK\$6.4 billion and HK\$6.6 billion in 2020 and 2021, respectively. Starting in 2022, the hotel industry in Central Europe started to recover and is expected to rebound in 2023, reaching a market size of HK\$12.2 billion. The occupancy rate in Germany, Austria, and the Czech Republic, in terms of bed-places and bedrooms, increased from 39%, 32%, and 28%, respectively, in 2021 to 55%, 50%, and 38%, respectively, in 2022. As the global hotel industry gradually returns to normal, the hotel industry in Central Europe, in terms of revenue, is expected to increase to HK\$13.1 billion in 2027, representing a CAGR of 1.8% between 2023 and 2027. As at the end of 2022, there were more than 130,000

SUMMARY

accommodation establishments in Central Europe. In terms of revenue, our Group earned a market share of 1.2% in Central Europe's hotel industry in 2022, according to CIC.

Strict regulatory requirements and licence obtainment and high capital requirements are the key entry barriers to the casino industry and hotel industry in Central Europe. For details, please refer to the section headed "Industry Overview" in this document.

REGULATORY FRAMEWORK OF GAMING OPERATIONS IN THE CZECH REPUBLIC

Our gaming operations are regulated under the laws and regulations of the Czech Republic with respect to various matters, including the requirements for obtaining basic licences for technical games and live games, and premises licences for casinos premises location, gaming taxation, gambling games advertisement, requirements for provision of information to authorities and AML requirements. For further details, please refer to "Regulatory Overview — Overview of Regulatory Framework of Gaming Operations in the Czech Republic" in this document.

Recent Regulatory Development

The new Czech Gambling Act

Major amendments to the Czech Gambling Act

The parliament of the Czech Republic has approved the proposed amendments to the Czech Gambling Act submitted by the government to (i) impose new licencing and deposit requirements; (ii) better protect the players; and (iii) make administrative changes to the previous Czech Gambling Act. The new Czech Gambling Act has come into effect on 1 January 2024. The major amendments include:

- (1) introduction of three-level licence mechanism;
- (2) increase in security deposit to obtain gaming licences;
- (3) deletion of temporary user accounts for non-Czech Republic citizen;
- (4) requirements that gaming area should not be visible from the registration area;
- (5) requirements relating to the diagram of the camera system;
- (6) adoption of panic button;
- (7) prohibition to encourage a player to participate in gambling who has previously informed the operator that he/she does not wish to be approached with incentives to participate in gambling; and
- (8) prohibition to provide "risk bonus" (i.e. a bonus that either does not include a description of its conditions or does not communicate those conditions to players before they obtain the bonus, and a bonus with terms and conditions that encourage competitive behaviour based on frequency of participation, stake amounts or winnings, being conditional upon the player not withdrawing funds or which is provided to a player upon his request to cancel user account) to the players.

SUMMARY

Relevant implications on our business operations and/or financial position

For item (1), based on the advice from our Czech Legal Advisers that (i) the three-level licence scheme is administrative in nature in order to streamline the licencing process to reduce administrative cost, and (ii) save as the security deposit, there is no material change to the licencing conditions and requirements under the new Czech Gambling Act, our Company is of the view that there is no foreseeable difficulties in our Group's application for the initial licence and the change of the basic licences.

For item (2), our Group has already set aside the required security deposit of CZK150 million (equivalent to HK\$54 million) to obtain the gaming licences, which is one-off in nature and non-recurring. It is currently expected that there will be sufficient working capital for our operations after such payment. However, the increase in the required security deposit may potentially have an adverse impact on our Group's working capital and financial positions in the future. As at the Latest Practicable Date, our Group has entered into an agreement with a bank to obtain a guarantee with a maximum amount of CZK120 million (equivalent to HK\$43.2 million) for the security deposit.

For items (3), (5) and (7) which are solely administrative changes in nature, and item (4) which is a minor construction change, it is expected that the administrative costs of HK\$3.0 million will be incurred for the year ending 31 March 2024.

For item (6), as at the Latest Practicable Date, the detailed technical requirements have been officially confirmed. Our Company confirms that the Panic Button can be an application which serves the function of alerting the excluded person based on his/her record of self-exclusion registration in the CMS database. It is estimated that the total cost to be incurred for full installation of the Panic Button Feature is CZK1.1 million (equivalent to HK\$0.4 million).

For item (8), our Company expects that there will be no material impact on our business operations nor financial position, because (i) our current loyalty program has complied with the requirements under the new Czech Gambling Act and does not need to be modified, (ii) the loyalty program is not the primary channel for attracting customer traffic to our business, (iii) our Group has a variety of marketing and promotional events to attract customers, (iv) the financial impact to our Group is limited as the contract liability in relation to the loyalty program was HK\$33,000, HK\$1.3 million, HK\$1.2 million and HK\$2.0 million for the three years ended 31 March 2023 and six months ended 30 September 2023, respectively, and (v) there will not be material cost incurred to fulfil the restriction.

Based on the above, our Directors consider and the Sole Sponsor concurs that, save as the one-off in nature security deposit, the potential financial and operational impact brought by the new Czech Gambling Act to our Group is not material.

Transitional period for compliance after 1 January 2024

For the amendments of items (1), (2), (5) and (6), the government allows a transitional period for operators to comply with even after the effective date of 1 January 2024.

For the amendments of items (1) and (2), we are required to apply for the initial licence not later than 30 June 2024 and the change of the basic licences not later than 1

SUMMARY

April 2025. For the amendment of item (5), our Group is obliged to update the diagram of camera system by 1 July 2024. For the amendment of item (6), our Group is obliged to implement part of the Panic Button Feature by 1 July 2024. The other amendments shall be implemented within six months from the publication of technical specifications, which has been issued on 30 January 2024 by the Ministry of Finance.

Although these requirements will take effect at a later stage, as advised by our Czech Legal Advisers, there are no foreseeable material difficulties for our Group to comply with those requirements and to obtain the licences as long as we make the applications on time, our operations comply with all relevant laws and regulations and we fulfil all applicable requirements and conditions and adhere to the procedures set forth in the new Czech Gambling Act. Based on the understanding of the requirements of the new Czech Gambling Act, and the reasons stated above, for the amendments of items (1), (2), (5) and (6) which the government allows a transitional period for operators to comply with, our Directors do not foresee, and the Sole Sponsor concurs, any material difficulties in meeting such requirements and obtaining the licences under the new Czech Gambling Act during the transitional period.

For details of the new Czech Gambling Act, please refer to the section headed "Business — The New Czech Gambling Act" in this document.

Increase in relevant tax rates in the Czech Republic

The increase in (i) corporate income tax rate from 19% to 21%, (ii) live games tax rate from 23% to 30%, and (iii) value-added tax rate on hotel accommodation from 10% to 12% took effect on 1 January 2024. If the corporate income tax rate and live games tax rate were implemented since the beginning of the Track Record Period, the decrease in net profit due to the increase in live games tax rate and corporate income tax rate would be HK\$1.6 million, HK\$4.8 million, HK\$7.1 million and HK\$3.5 million, respectively, for the three years ended 31 March 2023 and the six months ended 30 September 2023. On the other hand, the increase in value-added tax rate on hotel accommodation would be transferred to the hotel customers subsequently, which is in line with the market practice. For further details, please refer to the section headed "Risk Factors — Risks relating to our Business and Operations — We may be exposed to various types of taxes in the jurisdictions in which we operate or have a presence" in this document.

Restriction on gaming activities in other cities in the Czech Republic

Although Prague, the capital of the Czech Republic, has announced a municipality-level ban on slot machines, which took effect on 1 January 2024, and other major municipalities in the Czech Republic have imposed municipality-level restrictions, such as Brno which prohibited the operation of slot machines in the municipality, our Directors are not aware of, any foreseeable changes in the regulatory environments in the border areas where our Group operates that would have a material adverse impact on our Group's gaming business, and nothing has come to the attention of the Sole Sponsor as at the Latest Practicable Date to disagree with the Directors' views, based on the following reasons:

- (i) as at the Latest Practicable Date, there is no foreseeable draft laws and regulations which propose bans or reduce availability of gaming choices (a) at the national level and (b) in the municipalities of border areas where our Group operates in, respectively, as advised by our Czech Legal Advisers;

SUMMARY

- (ii) a majority of municipalities in the Czech Republic have not imposed any restrictions on gaming. According to CIC, by the end of 2023, the number of municipalities with valid local decrees on restriction of gaming only accounted for an insignificant portion of around 6% of all municipalities in the Czech Republic;
- (iii) the laws implemented in other municipalities may not be indicative for the laws that will be proposed and/or implemented in the border areas where our Group operates in since municipality government is at liberty to determine whether and how to impose more restrictive measures on municipalities level based on their own circumstances, which may be very specific after taking into account the demographic, socio-cultural environment, and political-economic environment of that locality. As advised by our Czech Legal Advisers, the new Czech Gambling Act is the main governing act of gambling-related matters in the Czech Republic that applies across the whole nation, whereas each municipalities only has the authority to determine implementation details of the Czech Gambling Act in their municipality laws in limited aspects, which include: (a) the designation of places and times where specific gaming offerings could be provided; and (b) the restrictions of places and times and/or prohibition of specific gaming offerings, and such implementation details could not override the Czech Gambling Act. If there is any inconsistency between the Czech Gambling Act and the municipalities laws, the Czech Gambling Act will prevail;
- (iv) according to CIC, each municipality has its own discrete consideration when it comes to restricting gaming offerings, in general, it may be resulted from the following reasons:
 - (a) in terms of social reasons, easing negative social phenomena and problem gambling in order to (i) maintaining city image and landscape; and (ii) reducing impact of gaming on local residents may be taken into account in exercising the discretion to restrict gaming offerings for a majority of municipalities. Firstly, for example, for Prague, according to Councillors of Prague, the decree banning all electronic and mechanical gambling machines in the Czech capital was approved with an aim of clamping down certain negative social phenomena in Prague, i.e. problem gambling, such as pathological gambling or non-payment, which may bring negative perception, city image and landscape to the tourists, whereas Prague, being the capital of Czech Republic, is a popular tourists' spot among international tourists. However, our Group operates at the borders which are comparatively less populated and less known for international tourists, the reasons above may not be the key concerns of the municipality governments we operate in and thus are not applicable to the respective municipalities. Secondly, casinos in major municipalities often cater to local residents and have a more significant impact on the surrounding local communities. As such, they may have more incentive to impose restrictions on gaming activities. In contrast, border casinos primarily target players from neighbouring countries rather than local residents and they tend to have a lesser impact on their local communities. In addition, the new Czech

SUMMARY

Gambling Act and the related measures implemented (i.e. responsible gaming) are able to protect the players and ease the concern on problem gambling; and

- (b) in terms of economic reasons, income from gaming tax may not be the main sources of the municipalities' tax income and other considerations may be taken into account by a majority of municipalities in exercising the discretion to restrict gaming offerings. For example, Prague and Brno are popular tourist cities among international tourists, and the income from gaming tax accounted for less than 2% in 2020, 2021 and 2022, respectively, according to CIC. However, for the municipalities in border areas where our Group operates in, tax revenue, particularly gaming tax, is the major income source for the municipality governments. The gaming tax represents a significant portion (which was over 60%) of the total tax income of Chvalovice, Česká Kubice and Dolní Dvořišče, respectively, in 2020, 2021 and 2022. It reflects the importance of gaming business to the economy and business activities in the respective municipalities.

OUR INTERNAL CONTROL AND ANTI-MONEY LAUNDERING PROCEDURES, SYSTEMS AND CONTROLS

We have implemented internal controls and procedures to: (1) ensure that our gaming operations are in full compliance with applicable laws and regulations; and (2) detect and remediate irregularities and unusual activities or trends in our casinos. We believe that money laundering risks associated with our gaming operations are inherently low due to stringent laws and regulations. We have also established anti-money laundering policies and procedures. For details, please refer to the section headed "Internal Controls and Anti-Money Laundering" and "Appendix V — Summary of Review of Anti-Money Laundering Procedures, Systems and Controls" in this document.

STRENGTHS

We believe that the following key strengths are the bedrock of our positioning as a well-established gaming and leisure group:

- Established presence in central Europe with a long operating history since 1995 with strong knowledge of the gaming and hospitality industry in terms of customer preference
- Strategic locations of our casinos and hotels
- Diversified portfolio of gaming products and hospitality services
- High degree of flexibility and control through a self-operated and managed operating model
- Operations on self-owned lands, which provides stability and control without being subject to rental reviews

For further details of our strengths, please refer to "Business — Strengths" in this document.

SUMMARY

STRATEGIES

To solidify our market position, we intend to pursue the following strategies:

- (i) Maintain and further consolidate our market presence in the gaming industry in the Czech Republic and central Europe through asset rejuvenation

In order to capitalise on the positive growth trajectory of the gaming industry and maintain and further consolidate our market presence, we plan to rejuvenate our assets, in particular, *Palasino Savannah Resort* and *Palasino Wulowitz*. Our asset rejuvenation plan is intended to (i) procure and rent slot machines; and (ii) overhaul the gaming area facilities, back-of-house areas, guest rooms and other hospitality offering, which is tailored to each property's distinct operating conditions.

- (ii) Continue to expand our gaming business in the Czech Republic, central Europe or other markets through acquisition of business or asset and/or bidding for new gaming licence

For further details of our strategies, please refer to "Business — Strategies" in this document.

OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, FEC, through its wholly-owned subsidiary, Ample Bonus, held an indirect interest of 90% in our Company.

As at the Latest Practicable Date, FEC was directly held as to 0.98% by Tan Sri Dato' David CHIU, as to 52.40% by Sumptuous Assets Limited (a direct wholly-owned subsidiary of Far East Organization (International) Limited, which in turn was directly wholly-owned by Tan Sri Dato' David CHIU), as to 0.001% by Modest Secretarial Services Limited (which was directly wholly-owned by Tan Sri Dato' David CHIU) and as to 0.74% by Mrs. Nancy CHIU NG (the spouse of Tan Sri Dato' David CHIU). As a result, Ample Bonus, FEC, Tan Sri Dato' David CHIU, Sumptuous Assets Limited, Modest Secretarial Services Limited, Far East Organization (International) Limited and Mrs. Nancy CHIU NG constitute a group of our Controlling Shareholders. FEC is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on the Main Board of the Stock Exchange (stock code: 35).

After the [REDACTED], gaming and related operations will cease to be classified as a core business segment of the Remaining FEC Group, as the Remaining FEC Group will no longer have any interest in gaming operations other than its shareholding in Palasino Group and its minority interest (less than 5%) and joint venture interest in certain gaming business in Australia. Although the Remaining FEC Group has hotel operations and management business, the hotel businesses of the Remaining FEC Group and our Group are entirely geographically distinct, operated under different brands, managed and operated by separate operating teams, and target different markets. Therefore, we consider that apart from their interest in our Company, our Controlling Shareholders do not currently control a business similar to the principal business of our Group that competes or is likely to compete, either directly or indirectly, with our Group's business, and our business is clearly delineated from that of the Remaining FEC Group. FEC Group will continue to consolidate the financial results of our Group based on the accounting standard in place.

SUMMARY

For further details of our Controlling Shareholders, please refer to the section headed "Relationship with Our Controlling Shareholders" in this document.

[REDACTED]

As [REDACTED], 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 HK\$156,000,000). Upon [REDACTED], Dateplum will hold [REDACTED] of shareholding in our Company (assuming no exercise of the [REDACTED]). The lock-up period for the [REDACTED] is twelve months after the completion of the share subscription or six months after the [REDACTED], whichever is later. Dateplum is a company incorporated in the BVI and a special purpose vehicle established for the purpose of the [REDACTED]. The ultimate beneficial owner of Dateplum 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].

For further details of our [REDACTED], please refer to the paragraph headed "History, Reorganisation and Corporate Structure — The [REDACTED]" in this document.

KEY FINANCIAL DATA

The following summary of our financial condition and results of operations (including the selected combined financial data set out below) during the Track Record Period is based upon and should be read in conjunction with our audited combined financial statements contained in the Accountants' Report in Appendix I to this document. Our combined financial statements have been prepared in accordance with HKFRSs.

Summary of combined statements of comprehensive income

The following table sets out the summary of our combined statements of comprehensive income for the Track Record Period:

	For the year ended 31 March			For the six months ended	
	2021	2022	2023	2022	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Gaming revenue	107,914	278,458	390,403	172,074	194,279
Hotel, catering and related services revenues	37,857	72,738	138,618	68,679	84,008
Gaming, hotel, catering and related services revenues	145,771	351,196	529,021	240,753	278,287
Gaming tax	(36,946)	(94,965)	(133,097)	(58,448)	(67,351)
Inventories consumed	(4,919)	(13,090)	(25,076)	(11,324)	(14,520)
Other income	76,413	42,235	5,172	3,019	2,946
Other gains and losses	4,048	(6,605)	(12,192)	(6,288)	8,186
Depreciation and amortisation	(24,974)	(24,493)	(23,180)	(10,962)	(11,810)
Employee benefits expenses	(109,322)	(126,951)	(170,182)	(74,874)	(95,758)
[REDACTED]	-	-	-	-	[REDACTED]
Other operating expenses	(42,883)	(74,788)	(105,274)	(47,593)	(56,656)
Finance costs	(3,651)	(3,489)	(3,576)	(1,583)	(1,974)

SUMMARY

	For the year ended 31 March			For the six months ended 30 September	
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000
PROFIT BEFORE TAXATION	3,519	49,050	61,616	32,700	26,898
Income tax expense	(962)	(8,967)	(17,462)	(10,400)	(9,844)
PROFIT FOR THE YEAR/PERIOD	2,557	40,083	44,154	22,300	17,054
Profit for the year/period attributable to:					
Owners of the Company	2,557	40,083	44,154	22,300	15,349
Non-controlling interests	-	-	-	-	1,705
	2,557	40,083	44,154	22,300	17,054

Non-GAAP financial Measures

In evaluating our business, we consider and use adjusted EBITDA (non-HKFRS measure), which is a non-GAAP measure, as supplemental measures to review and assess our operating performance. We believe that these non-GAAP measures facilitate comparison of operating performance from period to period.

We provide a reconciliation of adjusted EBITDA (non-HKFRS measure) to profit for the year, calculated and presented in accordance with HKFRS. Adjusted EBITDA (non-HKFRS measure) refers to earnings before interest income, finance costs, income tax and depreciation and amortisation. The term of adjusted EBITDA is not defined under HKFRS and should not be considered in isolation or construed as alternatives to loss/profit from operations or any other measure of performance or as an indicator of our operating performance or profitability.

Our adjusted EBITDA (non-HKFRS measure) may not be comparable to similarly titled measures of another company because it does not have a standardised meaning and all companies may not calculate adjusted EBITDA in the same manner. The following table presents a reconciliation of adjusted EBITDA (non-HKFRS measure) to loss/profit for each of the years/periods indicated:

	Year ended 31 March			Six months ended 30 September	
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000
Profit for the year/period	2,557	40,083	44,154	22,300	17,054
Add: [REDACTED]	-	-	-	-	[REDACTED]
Adjusted net profit (non-HKFRS measure)	2,557	40,083	44,154	22,300	31,506

SUMMARY

	Year ended 31 March			Six months ended 30 September	
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000
				(unaudited)	
Add:					
Depreciation and amortisation	24,974	24,493	23,180	10,962	11,810
Finance costs	3,651	3,489	3,576	1,583	1,974
Income tax	962	8,967	17,462	10,400	9,844
Less:					
Bank interest income	-	52	661	351	12
Interest income from related parties	-	-	2,296	363	2,919
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Adjusted EBITDA (non-HKFRS measure)	<u>32,144</u>	<u>76,980</u>	<u>85,415</u>	<u>44,531</u>	<u>52,203</u>

For the years ended 31 March 2021, 2022 and 2023 and the six months ended 30 September 2022 and 2023, we recorded net profit of HK\$2.6 million, HK\$40.1 million, HK\$44.2 million, HK\$22.3 million and HK\$17.1 million, respectively. The significant increase during the years ended 31 March 2021, 2022 and 2023 was primarily driven by (i) increase in number of patrons brought by the lifting of mandatory closure restrictions as a result of the gradual recovery from the impact of the COVID-19 pandemic and the resumption to normal business operations during the years and (ii) government grants which were provided to our Group to subsidise our business operations as a result of the impact of the COVID-19 pandemic. Our net profit decreased in the six months ended 30 September 2023 as compared to the same period in 2022, primarily due to the effect of [REDACTED] in the amount of HK\$[REDACTED] in relation to the [REDACTED] and [REDACTED]. For further details, please refer to the section headed "Financial Information — Description of Selected Items of Combined Statements of Profit or Loss and Other Comprehensive Income" in this document.

Gaming revenue

We generated revenue from our gaming operation, which includes three casinos, namely *Palasino Excalibur City*, *Palasino Wulowitz* and *Palasino Furth im Wald* in the Czech Republic.

Our gaming revenue increased significantly by HK\$170.6 million or 158.1% from HK\$107.9 million for the year ended 31 March 2021 to HK\$278.5 million for the year ended 31 March 2022 and further increased by HK\$111.9 million or 40.2% to HK\$390.4 million for the year ended 31 March 2023, mainly due to an increase of slot machine drop as a result of the increase of patrons brought by the relaxation of mandatory closure restrictions which were previously imposed due to the COVID-19 pandemic for the year ended 31 March 2022 and the complete lifting of such restrictions for the year ended 31 March 2023, in response to which we have increased the number of slot machines in our casinos to meet the pent-up demand. Our gaming revenue increased by HK\$22.2 million or 12.9% from HK\$172.1 million for the six months ended 30 September 2022 to HK\$194.3 million for the six months ended 30 September 2023, which is consistent with the growing trend demonstrated during the three years ended 31 March 2023. In particular, our gaming revenue contributed by slot machines increased from 75.9% for the six months ended 30 September 2022 to 80.2% for the six months ended 30 September 2023. For the three years

SUMMARY

ended 31 March 2023 and the six months ended 30 September 2022 and 2023, our gaming revenue represented 74.0%, 79.3%, 73.8%, 71.5% and 69.8% of our total revenue, respectively. The following table sets out information about our gaming revenue by type of games during the Track Record Period:

	For the year ended 31 March						For the six months ended 30 September			
	2021		2022		2023		2022		2023	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000 (unaudited)	%	HK\$'000	%
Slot machines	81,611	75.6	212,943	76.5	300,124	76.9	130,546	75.9	155,896	80.2
Table games	26,303	24.4	65,515	23.5	90,279	23.1	41,528	24.1	38,383	19.8
Total	107,914	100.0	278,458	100.0	390,403	100.0	172,074	100	194,279	100

Hotel, catering and related services revenues

Our hotel, catering and related services revenue was primarily generated from our hotel and catering operation, comprising (i) *Hotel Savannah* in the Czech Republic, (ii) *Hotel Columbus*, *Hotel Auefeld*, *Hotel Kranichhöhe* in Germany, and (iii) *Hotel Donauwelle* in Austria.

Our hotel, catering and related services revenue significantly increased by HK\$34.8 million or 91.8% from HK\$37.9 million for the year ended 31 March 2021 to HK\$72.7 million for the year ended 31 March 2022, and further increased significantly by HK\$65.9 million or 90.6% to HK\$138.6 million for the year ended 31 March 2023, mainly due to (i) the improvement in our average occupancy rate with the decrease in the number of closing days, (ii) the increase in average room rate; and (iii) the increased number of diners as a result of recovery from the COVID-19 pandemic. Our hotel, catering and related services revenue increased by HK\$15.3 million or 22.3% from HK\$68.7 million for the six months ended 30 September 2022 to HK\$84.0 million for the six months ended 30 September 2023, mainly due to (i) the further improvement of our average occupancy rate which is consistent with the growing trend demonstrated during the three years ended 31 March 2023 as a result of the gradual recovery from the impact of the COVID-19 pandemic; and (ii) the increase in average room rate. In particular, the average occupancy rate of *Hotel Donauwelle* increased from 48.9% for the six months ended 30 September 2022 to 63.1% for the six months ended 30 September 2023 and the revenue contributed by *Hotel Donauwelle* significantly increased by HK\$8.1 million or 60.4% from HK\$13.4 million for the six months ended 30 September 2022 to HK\$21.5 million for the six months ended 30 September 2023. For the three years ended 31 March 2023 and the six months ended 30 September 2022 and 2023, our hotel, catering and related services revenue represented 26.0%, 20.7%, 26.2%, 28.5% and 30.2%, respectively, of our total revenue.

For further details, please refer to "Financial Information — Description of Selected Items of Combined Statements of Profit or Loss and Other Comprehensive Income" in this document.

SUMMARY

We recorded positive and continuous growth in revenue during the Track Record Period for both our gaming operations and hotel and catering operations. Due to the impact of the COVID-19 pandemic for the year ended 31 March 2021 and the increase in operating expenses for the year ended 31 March 2023, we recorded operating loss in Trans World Austria during the respective years. After the full resumption in business after the COVID-19 pandemic and with stringent cost management, Trans World Austria achieved net operating profit of HK\$3.4 million for the six months ended 30 September 2023.

Revenue breakdown by geographical location and operating segment

	For the year ended 31 March						Six months ended 30 September			
	2021		2022		2023		2022		2023	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Gaming										
The Czech Republic	107,914	74.0	278,458	79.3	390,403	73.8	172,074	71.5	194,279	69.8
Hotel, catering and related service										
The Czech Republic	9,077	6.2	24,116	6.9	40,563	7.7	18,484	7.7	23,713	8.5
Germany	23,263	16.0	36,060	10.3	71,845	13.6	36,771	15.3	38,758	13.9
Austria	5,517	3.8	12,562	3.6	26,210	5.0	13,424	5.6	21,537	7.7
Subtotal	<u>37,857</u>	<u>26.0</u>	<u>72,738</u>	<u>20.7</u>	<u>138,618</u>	<u>26.2</u>	<u>68,679</u>	<u>28.5</u>	<u>84,008</u>	<u>30.2</u>
Total	<u>145,771</u>	<u>100.0</u>	<u>351,196</u>	<u>100.0</u>	<u>529,021</u>	<u>100.0</u>	<u>240,753</u>	<u>100.0</u>	<u>278,287</u>	<u>100.0</u>

Gaming tax

During the Track Record Period, the tax rate for gambling in the Czech Republic has been set at 35% of GGR of slot machines and at 23% of GGR of live games. Our gaming tax for the three years ended 31 March 2023 and the six months ended 30 September 2023 amounted to HK\$37.0 million, HK\$95.0 million, HK\$133.1 million and HK\$67.4 million, representing 34.3%, 34.1%, 34.1% and 34.7% of our gaming revenue, respectively. The live games tax rate increased from 23% to 30% on 1 January 2024.

Other income — government grants

During the Track Record Period, our Group received government grants from the government of the Czech Republic, Germany and Austria in order to subsidise the business operations of our respective entities incorporated in these countries as a result of the COVID-19 impact. Such government grants were to subsidise our business and to reimburse employee remuneration incurred during the period the government mandated closure during the COVID-19 pandemic. For the three years ended 31 March 2023 and the six months ended 30 September 2023, the government grants recognised by our Group was HK\$76.4 million, HK\$42.2 million, HK\$2.2 million and HK\$15,000, respectively. All government grants recognised in our combined statements of profit or loss and other comprehensive income by our Group are unconditional.

SUMMARY

Summary of combined statements of financial position

	As at 31 March			As at 30 September
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2023 HK\$'000
Current assets	86,397	159,647	164,696	132,158
Non-current assets	435,038	417,510	452,119	396,819
Current liabilities	57,314	84,711	116,787	106,257
Non-current liabilities	156,922	144,201	112,266	125,102
Net current assets	29,083	74,936	47,909	25,901
Net assets	307,199	348,245	387,762	297,618
Non-controlling interests	-	-	38,776	29,762

Our Group recorded an increase in our net current assets from HK\$29.1 million as at 31 March 2021 to HK\$75.0 million as at 31 March 2022, which was primarily attributable to (i) the increase in cash and cash equivalents mainly generated from our gaming operations due to the recovery from the COVID-19 pandemic and (ii) the receipt of government grant in the amount of HK\$42.2 million during the year ended 31 March 2022 to subsidise our business which was affected by the COVID-19 pandemic.

Our Group recorded a decrease in our net current assets from HK\$75.0 million as at 31 March 2022 to HK\$47.9 million as at 31 March 2023, which was primarily attributable to (i) the loan to BC Mortgage, being a joint venture of our Controlling Shareholder and our related party, which was accounted for non-current assets; and (ii) the reclassification of Trans World Austria's bank borrowing from non-current liabilities to current liabilities. During the six months ended 30 September 2023, the bank has waived its rights as at 31 March 2023 to demand immediate payment after 31 March 2023 as a result of Trans World Austria's breach of the term of a bank borrowing, which primarily related to debt service cover ratio.

Our Group recorded a decrease in our net current asset from HK\$47.9 million as at 31 March 2023 to HK\$25.9 million as at 30 September 2023, primarily attributable to the combined effect of (i) the decrease of amount due from Singford by HK\$35.0 million, which has been settled by way of novation and distribution of dividends by our Group declared on 8 September 2023, (ii) the reclassification of Trans World Austria's bank borrowing of HK\$22.8 million from current liabilities to non-current liabilities after obtaining waiver from the bank of its rights to demand immediate payment and the repayment of bank borrowings and (iii) the increase in dividend payable of HK\$14.0 million as at 30 September 2023. For details, please refer to the paragraphs headed "Financial Information — Related Party Transactions" and "Financial Information — Indebtedness and Contingent Liabilities — Bank and Other Borrowings" and "Financial Information — Current Assets and Current Liabilities — Other Payables" in this document.

Our net assets was HK\$307.2 million, HK\$348.2 million and HK\$387.8 million as at 31 March 2021, 2022 and 2023, respectively. The increasing trend was mainly due to the increase in retained profit during the respective year. Our net assets decreased from HK\$387.8 million as at 31 March 2023 to HK\$297.6 million as at 30 September 2023, mainly due to the dividend recognised as distribution of HK\$93.6 million during the period. For details, please refer to the section headed "Financial Information — Related Party Transactions".

SUMMARY

For details of discussion of key items of the consolidated statements of financial position, please refer to the section headed "Financial Information — Description of Selected Items of Combined Statements of Financial Position" in this document.

Summary of combined statements of cash flows

The following table sets out the summary of our combined statements of cash flows for the Track Record Period:

	For the year ended 31 March			For the six months ended 30 September	
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000 (unaudited)	2023 HK\$'000
Cash and cash equivalents at beginning of the year/period	37,189	31,349	94,537	94,537	86,084
Net cash from operating activities	19,827	101,264	91,468	22,037	20,877
Net cash used in investing activities	(11,840)	(17,211)	(81,470)	(23,612)	(19,643)
Net cash used in financing activities	(18,697)	(21,772)	(18,076)	(6,297)	(7,511)
Net (decrease) increase in cash and cash equivalents	(10,710)	62,281	(8,078)	(7,872)	(6,277)
Effect of foreign rate changes	4,870	907	(375)	(4,441)	(2,258)
Cash and cash equivalents at end of the year/period	<u>31,349</u>	<u>94,537</u>	<u>86,084</u>	<u>82,224</u>	<u>77,549</u>

For the year ended 31 March 2021, we recorded net cash from operating activities of HK\$19.8 million. The aforesaid net cash generated was principally derived from profit before tax of HK\$3.5 million which was affected by the mandatory closure restrictions that were imposed due to the COVID-19 pandemic during the year ended 31 March 2021.

Our net cash generated from operating activities increased significantly by HK\$81.5 million from HK\$19.8 million for the year ended 31 March 2021 to HK\$101.3 million for the year ended 31 March 2022. The net cash generated from operating activities for the year ended 31 March 2022 was principally derived from profit before tax of HK\$49.1 million, which is primarily driven by the increase in segment results of our gaming operations from HK\$17.1 million for the year ended 31 March 2021 to HK\$73.1 million for the year ended 31 March 2022 as a result of the recovery from the COVID-19 pandemic.

Our net cash generated from operating activities decreased slightly by HK\$9.8 million from HK\$101.3 million for the year ended 31 March 2022 to HK\$91.5 million for the year ended 31 March 2023. The net cash generated from operating activities for the year ended 31 March 2023 was principally derived from profit before tax of HK\$61.6 million, primarily driven by the further increase in our segment results of our gaming operations from HK\$73.1 million for the year ended 31 March 2022 to HK\$102.7 million for

SUMMARY

the year ended 31 March 2023, partially offset by the decrease in government grants receivables for the year ended 31 March 2023 due to the ease of seriousness of the impact of the COVID-19 pandemic.

For the six months ended 30 September 2023, we recorded net cash from operating activities of HK\$20.9 million. The aforesaid net cash generated was principally derived from profit before tax of HK\$26.9 million, adjusted for depreciation of property and equipment of HK\$10.2 million and net unrealised foreign exchange gain of HK\$4.5 million as well as the combined effect of (i) increase in other payables of HK\$13.2 million mainly attributable to the dividend payable of HK\$14.0 million, (ii) increase in other receivables, deposits and prepayments of HK\$7.8 million mainly due to the refundable additional deposit of HK\$10.2 million for the renewal of gaming licence, (iii) increase in trade receivables of HK\$2.7 million mainly arising from our hotel and catering operations and (iv) payment of income tax of HK\$15.8 million.

Key financial ratios

	For the financial year ended/ as at 31 March			For the six months ended/as at 30 September 2023
	2021	2022	2023	2023
Liquidity ratios				
Current ratio	1.5	1.9	1.4	1.2
Quick ratio	1.5	1.9	1.4	1.2
Capital adequacy ratios				
Gearing ratio (%)	30.5	23.4	18.1	21.9
Interest coverage	2.0	15.1	18.2	14.6
Profitability ratios				
Return on total assets (%)	0.5	7.3	7.4	6.0
Return on equity (%)	0.8	12.2	12.0	10.0
Net profit margin (%)	1.8	11.4	8.4	6.1

For further details, please refer to the paragraph headed "Financial Information — Key Financial Ratios" in this document.

RISK FACTORS HIGHLIGHTS

A number of risks and uncertainties are inherent in our operations. We have categorised these risks and uncertainties into those relating to our business and operations, the gaming and hotel industries in Europe, and the [REDACTED] and [REDACTED], many of which are beyond our control. The risks relating to our business include, among others, (i) we are subject to extensive regulations that govern our operations and regulatory risk in the effect of change in laws and regulations, which may potentially cause losses or additional expenses; (ii) our business operation, financial results and our cashflow may be adversely affected if the government is of the view that the measures we adopted or to be adopted do not comply with the new Czech Gambling Act; (iii) we may be exposed to various types of taxes in the jurisdictions in which we operate or have a presence; (iv) our business is affected by economic and market

SUMMARY

conditions in the locations in which our customers reside and restrictions on their ability to travel to the Czech Republic; (v) our business and financial performance may be adversely affected by competition from other forms of entertainment and gaming activities; (vi) we face intense competition in the gaming industry in the Czech Republic; (vii) we may not be able to procure and/or identify slot machines/games in line with customer preferences and market trends at desirable costs; (viii) we are exposed to foreign currency risks; and (ix) if we fail to comply with the applicable laws of the Czech Republic and/or Malta or the Gambling Ordinance, the Stock Exchange may suspend the dealings of our Shares or cancel our [REDACTED].

In respect of (ix) above, Chapter 4.7 under the Guide for New Listing Applicants published by the Stock Exchange applies to the operation of gambling activities by listed companies. If our gaming operations (i) fail to comply with the applicable laws in the areas where such activities operate (such as Czech Republic, Malta and/or other jurisdictions our gaming operation will expand to), and/or (ii) contravene the Gambling Ordinance, we or our business may be considered unsuitable for [REDACTED] under Rule 8.04 of the Listing Rules. Depending on the circumstances of the case, the Stock Exchange may require us to take remedial actions, and/or may suspend the dealings or cancel the [REDACTED] of our Shares pursuant to Rule 6.01 of the Listing Rules.

The above is not a complete list of risks that we are subject to. [REDACTED] should carefully read the entire "Risk Factors" section before making a decision to [REDACTED] in the [REDACTED].

LEGAL COMPLIANCE

As advised by our Czech Legal Advisers, Austrian Legal Advisers, German Legal Advisers and Maltese Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, our Group did not have any non-compliance incidents which resulted in material impact on our normal operation.

PROPERTY VALUATION

Roma Appraisals Limited, our independent Property Valuer, has valued the property held and occupied by our Group in the Czech Republic, Germany and Austria. The market value of our valued property interests as at 31 December 2023 was EUR55.0 million (equivalent to HK\$470.6 million) in aggregate, with net valuation surplus in the amount of HK\$198.4 million. The texts of our Property Valuer's letter, summary of values and valuation certificates are set out in "Appendix III — Property Valuation Report" in this document.

FUTURE PLAN AND USE OF [REDACTED]

Based on the [REDACTED] of HK\$[REDACTED] per [REDACTED], we estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED], after deduction of [REDACTED] fees and commissions and estimated expenses payable by us in connection with the [REDACTED], assuming that the [REDACTED] is not exercised.

SUMMARY

The following table sets out approximate amount, sources of funding, key milestones and timeframe for each strategic plan.

Major Categories	% of [REDACTED]	Approximate Amount (HK\$ in millions)	Specific Plans	% of [REDACTED]
Maintain and further consolidate our market presence in the gaming industry in the Czech Republic through asset rejuvenation	[REDACTED]	[REDACTED]	<i>Palasino Savannah Resort</i>	
			(i) Overhaul the gaming area facilities, back-of-house areas and other hospitality offering	[REDACTED]
			(ii) Procure slot machines	[REDACTED]
			<i>Palasino Wulowitz</i>	
			(i) Overhaul the gaming area facilities, back-of-house areas, guest rooms and other hospitality offering	[REDACTED]
			(ii) Procure slot machines	[REDACTED]
Continue to expand our gaming business in the Czech Republic, Central Europe or other markets through acquisition of business or asset and/or bidding for new gaming licence	[REDACTED]	[REDACTED]	-	[REDACTED]
Additional working capital and other general corporate purposes	[REDACTED]	[REDACTED]	-	[REDACTED]
	[REDACTED]	[REDACTED]		[REDACTED]

For detailed description of our future plans, please refer to "Business — Strategies" in this document. For the details of implementation plan and the expected timing of the use of [REDACTED], please refer to the paragraph headed "Future Plans and Use of [REDACTED] — Implementation Plan" in this document.

[REDACTED] STATISTICS

**Based on the
[REDACTED] of
HK\$[REDACTED]
per Share**

[REDACTED] of our Shares ⁽¹⁾	[REDACTED]
[REDACTED] adjusted net tangible asset per Share ⁽²⁾	[REDACTED]

Notes:

- (1) The calculation of [REDACTED] is based on the [REDACTED] Shares expected to be in issue immediately upon completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised).

SUMMARY

- (2) The [REDACTED] adjusted net tangible asset per Share has been arrived at after adjustments referred to in "Appendix II — [REDACTED] Financial Information — A. [REDACTED] Statement of Adjusted Combined Net Tangible Assets of the Group Attributable to Owners of the Company". It does not take into account any Shares which may be allotted and issued upon the exercise of the [REDACTED] or any options which may be granted under share option scheme or any Shares which may be issued or repurchased by our Company referred to the section headed "Share Capital — General mandate to issue Shares" or section headed "Share Capital — General mandate to repurchase Shares".

The amount will be adjusted after the Reorganisation step, when the remaining non-controlling interests will become owners of our Group. For details, please refer to note 4 under "Appendix II — [REDACTED] Financial Information — A. [REDACTED] Statement of Adjusted Combined Net Tangible Assets of the Group Attributable to Owners of the Company". Based on the [REDACTED] of HK\$[REDACTED] per Share, the [REDACTED] adjusted net tangible asset per Share is HK\$[REDACTED].

[REDACTED] EXPENSES

The total amount of [REDACTED] expenses in connection with the [REDACTED], including [REDACTED] commissions, is estimated to be HK\$[REDACTED] (based on the the [REDACTED] of HK\$[REDACTED] per [REDACTED] and assuming the [REDACTED] is not exercised). The total [REDACTED] expenses mainly comprise of professional fees paid and payable to the professional parties for their services rendered in relation to the [REDACTED] and the [REDACTED], among which, (a) non-[REDACTED]-related expenses are expected to be HK\$[REDACTED], representing [REDACTED] of the [REDACTED] from our [REDACTED], including (i) fees for legal advisers and reporting accountants of HK\$[REDACTED], representing [REDACTED] of the [REDACTED] from our [REDACTED], and (ii) other non-[REDACTED]-related fees and expenses of HK\$[REDACTED], representing [REDACTED] of the [REDACTED] from our [REDACTED], as well as (b) the [REDACTED]-related expenses (including but not limited to commissions and fees) of HK\$[REDACTED], representing [REDACTED] of the [REDACTED] from our [REDACTED], payable to the [REDACTED] in connection with the [REDACTED] of Shares under the [REDACTED] based on the [REDACTED]. The amount of the [REDACTED] expenses is expected to account for [REDACTED] of the [REDACTED] from the [REDACTED].

HK\$[REDACTED] of the [REDACTED] expenses will be borne by our Group and HK\$[REDACTED] will be borne by the FEC Group. Among the HK\$[REDACTED] to be borne by us, (i) HK\$[REDACTED] has been charged to our combined statement of profit or loss during the six months ended 30 September 2023, (ii) HK\$[REDACTED] will be charged to our combined statement of profit or loss during the year ending 31 March 2024; and (iii) HK\$[REDACTED] is expected to be accounted for as a deduction from equity upon the [REDACTED].

DIVIDENDS

During the Track Record Period, we declared a dividend of CZK267.3 million (equivalent to approximately HK\$93.6 million). The dividend payables was partially offset by the amount due from FEC UK, the holding company of Palasino Group, amounting to approximately HK\$79.5 million and partially settled by withholding tax to be paid on behalf of FEC UK amounting to HK\$14.0 million. After completion of the [REDACTED], our Directors, may at its discretion, declare dividends to our Shareholders in the future after taking into account our results of operations, earnings, financial condition, cash requirements and availability, contractual arrangements and other factors as it may deem relevant at such time. We currently do not have any specific dividend policy nor any pre-determined dividend payout ratio. Any final dividend for a financial

SUMMARY

year will be subject to Shareholders' approval. The past dividend distribution record may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future.

[REDACTED] AND [REDACTED]

The [REDACTED] will constitute a [REDACTED] of our Group from FEC Group. FEC has concluded that our Group's business is of a size which merits a separate [REDACTED] and such [REDACTED] will be beneficial to our Group for the following reasons, among others: (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; and (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.

The [REDACTED] is not subject to FEC Shareholders' approval. In order to enable FEC Shareholders to participate in the [REDACTED] on a preferential basis as to allocation only, subject to the Stock Exchange granting approval for the [REDACTED] of, and permission to [REDACTED], the Shares on the Main Board and such approval not having been withdrawn and the [REDACTED] becoming unconditional, [REDACTED] are being invited to apply for an aggregate of [REDACTED] in the [REDACTED], representing approximately [REDACTED] and approximately [REDACTED] of the [REDACTED] initially available under the [REDACTED] and the [REDACTED] (assuming that the [REDACTED] is not exercised), respectively, as an [REDACTED]. The [REDACTED] are being [REDACTED] out of the [REDACTED] under the [REDACTED] and are not subject to reallocation as described in "Structure of the [REDACTED] — The [REDACTED] — Reallocation" in this document. In the event the [REDACTED] is exercised, the number of [REDACTED] will not change. For further details, please refer to the paragraph headed "Structure of the [REDACTED] — The [REDACTED]" in this document.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We are applying for [REDACTED] under Rule 8.05(2) of the Listing Rules and satisfy the [REDACTED]/revenue/cash flow test, among other things, with reference to (i) our revenue for the year ended 31 March 2023, being HK\$529.0 million, which is over HK\$500.0 million; (ii) our aggregate cash flow from operating activities for the three years ended 31 March 2023, being HK\$212.6 million, which is over HK\$100.0 million; and (iii) our expected [REDACTED] at the time of the [REDACTED], based on the [REDACTED] of HK\$[REDACTED] per [REDACTED], being HK\$[REDACTED], which is over HK\$2.0 billion as required by Rule 8.05(2) of the Listing Rules.

RECENT DEVELOPMENTS

Reorganisation and dividend

In addition to the dividend described in "Dividends" in this section, the Reorganisation was effected after the Track Record Period and prior to the [REDACTED].

SUMMARY

The Reorganisation was completed on 1 March 2024. For details of the Reorganisation, please refer to "History, Reorganisation and Corporate Structure — Corporate Development — Reorganisation" in this document. In connection with the Reorganisation, we estimate that the amount of tax payable is expected to be not more than EUR0.9 million (approximately HK\$8.7 million). The actual tax expenses will be charged to the combined statements of profit or loss and other comprehensive income for the year ending 31 March 2024. Pursuant to the Deed of Indemnity, FEC and Ample Bonus have agreed to indemnify us for taxation arising from the Reorganisation. Amounts paid on our behalf pursuant to the Deed of Indemnity will be credited to our capital reserves. For further details of the Deed of Indemnity, please refer to "Appendix VI — Statutory and General Information — E. Other Information — 1. Indemnities" in this document.

Should the Reorganisation be completed as at 30 September 2023, our profits for the period attributable to owners of the Company would have increased from HK\$15.3 million to HK\$17.1 million as at 30 September 2023 in the absence of non-controlling interests.

Mikulov Acquisition

On 27 February 2024, Palasino Group entered into a framework share purchase agreement with CAIAC Fund Management AG (being the fund manager acting on behalf of Czech Real Estate Investment Fund) (the "**Vendor**"), pursuant to which Palasino Group agreed to purchase 100% of the equity interest in Retail Park Mikulov s.r.o., a company incorporated in the Czech Republic ("**Retail Park Mikulov**") held by the Vendor for a cash consideration of CZK42.0 million (equivalent to approximately HK\$14.7 million) (subject to adjustment by reference to net asset value less bank debt, which adjustment is estimated to be approximately CZK1.1 million (equivalent to approximately HK\$0.4 million)) (the "**Mikulov Acquisition**"). To the best of our Company's knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties.

Retail Park Mikulov is principally engaged in rental of real estate and non-residential premises, and management of own property. Retail Park Mikulov is the owner of some land plots and a building thereon (the "**Property**"). The Property is located in Mikulov of the Břeclav District of the Czech Republic, which is situated on the main route between the Austrian capital, Vienna, and the second-largest city in the Czech Republic, Brno. It is the plan of our Group to convert the Property to be a land-based casino. Taking into account the prime location of the Property held by Retail Park Mikulov, which echoes our Group's strategy that the casinos are located at the cross-border areas, it is believed that this is the valuable opportunity for our Group to expand the footprint of land-based casino operation in the Czech Republic.

The consideration was determined after arm's length negotiation with reference to, among others, the financial statements of Retail Park Mikulov (including but not limited to the net asset value), the location of the Property and the prevailing market price in the vicinity of the Property. The consideration is settled with our Group's internal resources. The Mikulov Acquisition was completed by the end of February 2024.

We have applied to the Stock Exchange for, and the Stock Exchange has granted a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules in respect of the Mikulov Acquisition on the grounds that (i) all the percentage ratios in respect of

SUMMARY

the Mikulov Acquisition are less than 5%; (ii) it would be unduly burdensome for us to prepare such financial information; and (iii) we have disclosed in this document information in respect of the Mikulov Acquisition which is comparable to the information that is required to be included in the announcement of a discloseable transaction under Chapter 14 of the Listing Rules.

Financial position/performance subsequent to Track Record Period

There has been no material fluctuation in the current asset and net current asset in our financial position since 30 September 2023, the date of the latest audited consolidated financial statements of our Group, up to 31 January 2024.

For the ten months ended 31 January 2024, leveraging on our business strengths, our business operations remained relatively stable when comparing our performance with that for the six months ended 30 September 2023. For our gaming operations, the overall occupancy rate and the occupancy rate during peak hours of our slot machines were 21.5% and 71.1% respectively for the ten months ended 31 January 2024. For our hotel and catering operations, the average occupancy rate of our hotel rooms was 53.4% for the ten months ended 31 January 2024.

It is currently expected that our Group will record a significant decrease in profit for the year ending 31 March 2024 as compared with that for the year ended 31 March 2023, due to (i) the [REDACTED] expense at the amount of HK\$[REDACTED] in relation to the [REDACTED] and [REDACTED]; (ii) the tax expenses in relation to the Reorganisation which will be charged to our combined statement of profit or loss for the year ending 31 March 2024; and (iii) an expected increase in operating costs and expenses due to the impact of inflation in the three countries where our hotels and casinos are located, in particular, an expected increase in employee benefits expenses based on our unaudited management accounts for the ten months ended 31 January 2024.

NO MATERIAL ADVERSE CHANGE

Save as disclosed in (i) Note 39 "Subsequent Events" in the Accountants' Report, and (ii) "Recent Developments" of this section, to the best knowledge, information and belief of our Directors, having made all reasonable enquiries, our Directors confirm that there has been no material adverse change in our financial, operational or trading position or prospects since 30 September 2023, being the date of our combined financial statements as set out in the Accountants' Report contained in Appendix I to this document, and up to the date of this document.