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You should carefully consider all of the information set out in the document, including the risks and uncertainties described below before making an [REDACTED] in the [REDACTED]. You should pay particular attention to the fact that we are incorporated in the Cayman Islands and that a substantial part of our Group's operations are conducted in the Central Europe and are governed by a legal and regulatory environment that differs from that prevailing in other countries. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. The [REDACTED] of the Shares could decline due to any of these risks, and you may lose all or part of your [REDACTED].

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 and the [REDACTED] and [REDACTED].

RISKS RELATING TO OUR BUSINESS AND OPERATIONS

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

The gaming operations of our Group are subject to regulation by the governments in the Czech Republic and Malta in which our Group operates. In particular, our Land Based Gaming Business are mainly subject to, among others, (i) laws and regulations of the Czech Republic on a national level in relation to gaming operation, such as the Czech Gambling Act; (ii) relevant municipal laws and regulations in the municipalities where our land-based casinos are operated in; (iii) laws and regulations in the neighbouring countries in relation to gaming operation, in particular, Austria and Germany, as it may affect the willingness of our customers to come to our casinos; and (iv) tax laws in the Czech Republic, including gambling tax, corporate income tax and value-add tax, as it may affect our financial condition and results of operations. Furthermore, the operations of our casinos are contingent upon maintaining all necessary regulatory licences, permits, approvals, registrations, findings of suitability, orders and authorisations, and the laws, regulations and ordinances requiring these licences, permits and other approvals generally relate to the operations of the casinos, the payment of taxes, the responsibility, financial stability and character of the owners and managers of gambling operations, as well as persons financially interested or involved in gaming operations.

All of the casinos are duly licenced by the Ministry of Finance in the Czech Republic and the relevant municipal authorities of the Czech Republic and our online gaming business is duly licenced by the MGA, but our Group is subject to ongoing regulation to maintain these operations. Czech and Maltese regulatory authorities have broad powers to limit the scope of, impose condition on, suspend or revoke a registration, gaming licence or related approval and to approve changes in operations of our Group. Likewise, for our hotel business, we are required to obtain and maintain licences or approval from various jurisdictions.

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However, there can be no assurance we will be able to obtain new licences or approval or renew any of our existing licences or approval, or if such licences or approval are obtained, such licences or approval will not be conditioned, suspended or revoked; and the loss, denial or non-renewal of any of our licences or approval could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Furthermore, changes in laws and regulations imposes uncertainty for gaming and hotel industries. For example, Prague, the capital of the Czech Republic, has announced a ban on slot machines, which took effect on 1 January 2024. Given the other municipalities such as Prague and Brno in the Czech Republic have already reduced the availability of gaming choices, we are uncertain about the regulatory development on gambling in other municipalities in the Czech Republic. In the event that the laws and regulations in relation to gambling in the cities where we operate become more stringent, our Group's business operation and financial performance may be adversely affected. In addition, there may be different interpretations resulting from lack of specificity, guidance and past legal cases when the new or revised laws and regulations are first implemented as their application in practice may evolve or change over time, resulting into higher compliance costs and difficulty in compliance. A court or an administrative or regulatory body may in the future render an interpretation of these laws and regulations, or issue new or revised regulations, which differs from our interpretation and could have a material adverse effect on our financial condition, results of operations and cash flows.

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

To (i) impose new licencing and deposit requirement; (ii) better protect the players; and (iii) make administrative changes to the previous Czech Gambling Act, the parliament of the Czech Republic has approved the amendments to the Czech Gambling Act submitted by the government and the new Czech Gambling Act has come into effect on 1 January 2024. The major proposed amendments include (i) a change of licencing scheme from two-levels licence to three-levels licence; (ii) an increment in security deposit; (iii) an introduction of a "panic button" feature (i.e. gaming operators shall make available a means for the player to opt for his/her self-exclusion from participating in gambling activities for 48 hours); and (iv) the prohibition of "risk bonuses". For details of the major changes, please refer to the paragraph headed "The New Czech Gambling Act" under the section headed "Business" in this document.

If the government is of the view that the measures we adopted or to be adopted do not comply with the amendments, we may be subject to penalties or revocation of our gaming licence in extreme cases and our Group's business operation and financial performance may be adversely affected. For the three years ended 31 March 2023 and the six months ended 30 September 2022 and 2023, our revenue from gaming operations were HK\$107.9 million, HK\$278.5 million, HK\$390.4 million, HK\$172.1 million and HK\$194.3 million, respectively, representing 74.0%, 79.3%, 73.8%, 71.5% and 69.8%, respectively, of our total revenue for the same periods. In addition, certain new player protection measures introduced by the new Czech Gaming Act may potentially diminish gaming

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appetite of players and our Group's business operation may be adversely affected. Please refer to the paragraph headed "The New Czech Gambling Act" under the section headed "Business" in this document for a detailed analysis on the potential impacts of the new Czech Gambling Act on our current business operation.

We may be exposed to various types of taxes in the jurisdictions in which we operate or have a presence

We conduct our operations mainly in the Czech Republic, Germany and Austria, and we are exposed to various types of taxes in the above jurisdictions. The level of taxation in each of the jurisdictions where we are established is subject to changes in laws and regulations, as well as changes in the application of existing laws and regulations by tax authorities, and such changes, if any, may lead to an increase in our effective tax rates. The proposal of 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 there are any changes in corporate income tax, live games tax rate and value-added tax, it may negatively impact our results of operations and financial conditions. For details of taxation in the Czech Republic, please refer to the section headed "Regulatory Overview" in this document.

Moreover, tax laws and applicable practice have become increasingly complex and sophisticated, especially with respect to cross-border transactions. Thus, while we intend to manage our tax situation in each of these jurisdictions efficiently, there can be no assurance that the desired tax outcome will necessarily be achieved. Finally, we will also be subject to taxes in any new jurisdictions in which we launch new operations, for example, Malta, and similar risks will apply in respect of such taxes. All these factors may have a material and adverse effect on our business, financial condition and results of operations.

Our business is affected by economic and market conditions in the locations in which our customers reside and restrictions on their ability to travel to the Czech Republic

During the Track Record Period, over 95% of our players from neighbouring countries of the Czech Republic such as Austria and Germany, came to our casinos in the Czech Republic, therefore the strength and profitability of our business depend on the ability and willingness of our players to travel. Only a small percentage (i.e. around 4% during the Track Record Period) of our business is generated by local Czech residents. Our players typically reside in Austria and Germany. The general economic, social and market conditions in Europe, in particular, Austria and Germany could impact our financial prospects.

Any slowdown in economic growth or changes to current restrictions on travel of the neighbouring countries could disrupt the number of our visitors and/or the amounts they are willing to spend at our properties.

Other events which could have a negative impact on international travel and leisure expenditure may include natural disasters, inclement weather, acts of terrorism or regional political events. We cannot predict the extent to which travel disruptions as a result of any such events would adversely affect our business, financial condition, results of operations and cash flows.

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Our business and financial performance may be adversely affected by competition from other forms of entertainment

The gaming industry 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, Austria, Germany and in other jurisdictions. If our current or potential players choose to participate in these activities rather than visiting our casinos, our operations and revenue would be negatively impacted.

There is no assurance that our Group will be able to uphold our competitive strengths. If we cannot effectively compete with our current and potential competitors from other forms of entertainment, our business, results of operations, financial conditions and prospects may be materially and adversely affected.

We face intense competition in the gaming industry in the Czech Republic

According to CIC, there were (i) 37 companies licenced to operate land-based slot machines and 33 companies licenced to operate land-based live games with 472 casinos in operation in the Czech Republic as at 31 December 2022; and (ii) 15, 10 and 15 casinos within one-hour driving distance from *Palasino Excalibur City*, *Palasino Wulowitz*, and *Palasino Furth im Wald*, respectively, in 2022. According to CIC, 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 casinos, and the remaining casino operators each accounted for less than 5% of the market share. Accordingly, the competition is intense among those remaining casino operators. There are already established players in the industry with resources and/or strong brand recognition. It is also possible that there will be consolidation in the gaming industry amongst our competitors who may rapidly acquire significant market share.

Further, if additional casinos are opened in the vicinity of our casinos, we could face additional competition from new market entrants as well.

There is no assurance that our Group will be able to uphold our competitive strengths. If we cannot effectively compete with our current or potential competitors, our business, results of operations, financial conditions and prospects may be materially and adversely affected.

We may not be able to procure and/or identify slot machines/games in line with customer preferences and market trends at desirable costs

Our gaming revenue is primarily dependent on customers' spending on our slot machines. For the three years ended 31 March 2023 and the six months ended 30 September 2022 and 2023, our slot machine gross win amounted to HK\$82.4 million, HK\$216.4 million, HK\$304.2 million, HK\$138.2 million and HK\$165.3 million, respectively, representing 75.4%, 75.6%, 76.1%, 75.2% and 79.0%, respectively, of our GGR during the same periods. Their spending on our slot machines is highly sensitive to rapidly changing public tastes, which may vary among people of different generations and backgrounds, and the continued success of our gaming business mainly depends on our ability to procure and/or identify popular slot machines/games.

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Our gaming business depends in part on our ability to anticipate the tastes of existing and potential players. The slot machines/games we identified may not be able to gain popularity and players' attention as anticipated due to changing tastes, market trends, general economic conditions or otherwise, which could adversely affect our business. Although we are now providing slot machines with different volatility, jackpots, and playing modes, we cannot assure you that such success will continue. If we fail to effectively satisfy the evolving needs and preferences of the public, we may be required to incur additional costs to identify and/or procure slot machines which are able to meet the changing public tastes, which would have a material adverse effect on our business and results of operations. Moreover, we are subject to the risks that we may not be able to update our game themes of the slot machines in a timely manner, which could adversely affect our business.

We rely on suppliers for the supply of slot machines and any interruption in supply may significantly impact our business and results of operations

We sourced our slot machines for our customers from four suppliers during the Track Record Period. As at 30 September 2023, we owned 19.2% of the total number of our slot machines while the remaining of them were leased, in which over 70% of the total number of our slot machines were leased to us by two of our slot machine suppliers. We rented 333, 337, 451 and 459 slot machines as at 31 March 2021, 2022 and 2023 and 30 September 2023, respectively. The amount of rental expenses of slot machines was HK\$5.8 million, HK\$13.2 million, HK\$19.1 million and HK\$9.9 million, for the three years ended 31 March 2023 and the six months ended 30 September 2023, respectively, accounting for 13.6%, 17.7%, 18.2% and 17.5% of our other operating expenses for the corresponding periods. The gross gaming revenue contributed by the leased slot machines was HK\$78.3 million, HK\$203.5 million, HK\$282.7 million and HK\$160.2 million for the three years ended 31 March 2023 and the six months ended 30 September 2023, respectively, accounting for 71.6%, 71.1%, 70.7% and 76.5% of our total gross gaming revenue for the corresponding periods. One of our slot machines suppliers has advised us that it opts to exclusively lease its slot machines to its customers rather than sell them in order to avoid its customers from engaging in unauthorised resale to unlicensed casino operators. As such, we rely on the ability, authorisation and efficiency of our slot machines suppliers to supply slot machines for our casinos. During the Track Record Period, we did not experience any incidents of interruption or delay in our supply chain or failure to secure sufficient quantities of slot machines from our suppliers.

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 licensed casinos in the Czech Republic, according to CIC.

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We cannot assure you that our suppliers will not breach their contractual obligations to us, or that our agreements will not be suspended, terminated or otherwise expired without renewal. In that case, we may not be able to find alternative suppliers if it is no longer able to meet our needs at acceptable cost and/or in a timely manner. Failure to source suitable slot machines from other suppliers at acceptable cost and/or in a timely manner, or otherwise to effectively manage such events if they occur, could materially and adversely affect our business, financial condition and results of operations.

We have limited control over the standard of CMS and slot machines

For our gaming operations, CMS and slot machines are required to be certified and licenced by authorised bodies nominated by the Ministry of Finance in the Czech Republic, as required under the relevant Czech laws and regulations and we procure the same from our suppliers. It is the responsibility of the suppliers of the CMS and the slot machines to obtain the certification and licence. If the CMS and slot machines currently in use fail to meet the standards or the relevant rules and regulations amended from time to time, and if we are unable to find alternative suppliers of the CMS and slot machines in a timely manner or on favourable terms, or at all, our operations may be adversely affected, which could harm our reputation and adversely affect our business, financial condition and results of operations. We may be subject to additional costs if we are required to purchase alternative CMS and slot machines, which would lower the efficiency and profitability of our operations.

We may have difficulty in managing our future growth and implementing on expansion plan successfully

The success and continuation of our business operations and growth depend on our effective risk management including, among others: (i) our operational, financial and management systems; (ii) skills of our management team; (iii) measures to train, motivate, manage and retain our employees; (iv) risk monitoring system to assess the financial condition and business operation; (v) retention of existing customers and identifying new customers; (vi) our liquidity position while committing resources to our business operation; (vii) expansion and business development; (viii) the complexity and costs associated with expanded operations, which may divert our resources and require substantial capital commitment and (ix) diversification of our customer base to improve our working capital management. We cannot assure you that our systems, procedures, controls, personnel and expertise will be adequate to support our future growth. Failure to achieve any of the foregoing, or manage the risks and uncertainties created by measures to achieve the foregoing, could materially and adversely affect our business, financial condition, results of operations and growth prospects.

Our asset rejuvenation plan may result in increase in depreciation and operating expenses and may adversely affect our financial results and conditions

We estimate that the total capital expenditure for our asset rejuvenation plan will amount to HK\$145.0 million, which includes the expansion and performance of upgrading works at *Palasino Savannah Resort* and *Palasino Wullowitz* and the procurement and rental of slot machines. Depreciation of property, plant and equipment is calculated using a straight-line method to allocate their costs to their residual values over their

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estimated useful life. As a result of the intended facility overhaul and purchase of slot machines for our asset rejuvenation plan, we will incur additional depreciation expenses and operating expenses. For example, for the first year after the implementation of the expansion and upgrading works in our casinos, we estimate that we will incur additional depreciation expenses of HK\$3.9 million, and it is expected that there will be an incidental increase in other operating expenses (e.g. salaries of additional staff). In addition, we intend to rent slot machines as part of our asset rejuvenation plan. We estimate that we will incur additional expenditures for rental of slot machines of HK\$4.0 million for the same year. Such additional depreciation expenses and operating expenses will be recognised in our profit or loss statement, which in turn may adversely affect our financial results and conditions. Please refer to the paragraph headed "Strategies" under the section headed "Business" and the section headed "Future Plans and Use of [REDACTED]" in this document for further details of our proposed asset rejuvenation plan.

Acquisition of business/asset involves significant risks and uncertainties and we may not be able to identify suitable targets or successfully integrate acquired business into our existing operation

We may acquire business or asset in line with our business strategy. Acquisition of business or asset, however, involves significant risks and uncertainties, including (i) lack of suitable business or asset targets; (ii) intense competition from other potential buyers or bidders of the bidding for the targets; (iii) limited prior experience when expanding into new region; and (iv) our ability to secure funding, being equity and/or debt financing for the acquisition.

Further, integration of newly acquired business may be costly and time-consuming and could present us with significant risks and difficulties, including (i) integrating the operations and personnel of the acquired business and implementing uniform information technology systems, controls, procedures and policies; (ii) retaining relationships with key employees, customers, business partners and suppliers of the acquired casinos; and (iii) achieving the anticipated synergies and strategic or financial benefits from the acquisitions.

Given the above uncertainties, acquisition of business or asset in the future may not proceed as expected, and failure in executing our acquisition could have a material adverse impact on our business, financial conditions and results of operations.

There is no assurance that the implementation of our future plan will be successful

As mentioned in the paragraph headed "Strategies" under the section headed "Business" of this document, our growth strategy includes the expansion and upgrade of our facilities in casinos, acquisition of business or asset and/or bidding for new gaming licence when opportunities arise. In pursuing the strategies, we will incur significant capital expenditures associated with (i) the expansion and upgrade; (ii) the acquisitions and/or the bid. There is no assurance that our Group's future business plan will materialise and generate revenue as planned. The increase in costs as a result of the expansion, acquisitions and/or the bid as contemplated under the future plan of our Group may outweigh the increase in revenue in the short run, which in turn, will have an adverse impact on our financial performance.

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Whether our future plan can be implemented successfully may be beyond our control and some future events may affect our plan. There is no assurance that we will be successful in materialising our future plan successfully. If we fail to implement our future plan based on our schedule or at all, our business and results of operation may be adversely affected.

Our Group is subject to anti-money laundering laws or regulations, violations of which could adversely affect its business

Our Group is subject to various reporting and anti-money laundering laws and regulations. For details of our internal control measures and anti-money laundering policies, please refer to the section headed "Internal Controls and Anti-Money Laundering" in this document.

Internal controls and procedures and employee training and compliance programs that our Group has implemented to prevent prohibited practices may not be effective in deterring our Directors, employees, contractors or agents from violating or circumventing its policies and the law. If our Group or its directors, employees or agents fail to comply with applicable laws or company policies governing its operations, our Group may face investigations, prosecutions and other legal proceedings and actions which could result in civil penalties, administrative remedies and criminal sanctions. Any such government investigations, prosecutions or other legal proceedings or actions could adversely affect our Group's business, performance, prospects, value, financial condition, and results of operations.

Theoretical win rates of table games for our Group's casino operations depend on a variety of factors, some of which are beyond its control

The gaming industry is characterised by an element of chance. In addition to the element of chance, theoretical win rates of table games are also affected by other factors, including players' skill and experience, the financial resources of players, the volume of bets placed by players and the amount of time players spend on gambling. Our Group's actual win rates may therefore differ greatly over short time periods and could cause volatility in our Group's results. These factors, alone or in combination, have the potential to negatively impact our Group's win rates, and its business, financial condition and results of operations could be materially and adversely affected.

Our gaming business can be subject to instances of cheating and counterfeiting

Players in our casinos or gaming areas may attempt to commit fraud or cheat in order to increase winnings. Acts of fraud or cheating could involve the use of counterfeit currency, chips or other tactics, possibly in collusion with casino employees. Internal acts of cheating could also be conducted by employees through collusion with gaming employees such as dealers, table inspectors, pit bosses and surveillance staff, or other casino employees.

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Failure to discover such activities in a timely manner could result in losses in our gaming operations. In addition, negative publicity related to such activities could have an adverse effect on our reputation, thereby materially and adversely affecting our business, financial condition, results of operations and cash flows. During the Track Record Period, there were no material instances of fraud, cheating and counterfeiting activities found within our casinos.

We conduct regular reviews of our operations to prevent cheating. Our employees are also highly trained to spot the signs of potential cheating on the table games. However, there can be no assurance that our efforts to prevent cheating will be effective. Any failure to prevent cheating may adversely affect our business, financial condition, results of operations and cash flows.

The online gaming industry is a rapidly evolving industry, which makes it difficult to evaluate our business and financial prospects

In order to expand our business into online gaming, we obtained the online gaming licence in Malta in November 2022. It is planned that the soft launch of the Online Gaming Business will take place during the first half of 2024.

The online gaming industry is rapidly evolving. The future plans and operation results of our online gaming business will depend on a number of factors affecting the online gaming industry, many of which are beyond our control, including:

- changes in user demographics and user tastes and preferences;
- the number of new players entering the online gaming industry;
- changes in regulatory environment; and
- general economic conditions, particularly as they affect discretionary user spending.

New laws and regulations governing online gaming industry might be introduced to regulate the operation of our games. Regulatory authorities may take more stringent measures to monitor our operations and order us to take rectification actions. These regulatory changes could subject us to significant additional costs to comply with the evolving laws and regulations, which could have an adverse and material impact on our results of operations. If we are unable to adapt to the rapidly evolving industry or if we have to incur significant expenses in complying with newly enacted laws and regulations, our results of operations and future performance will be adversely and materially affected.

Our ability to plan for game development, distribution and promotional activities will be significantly affected by our ability to anticipate and adapt to relatively rapid changes in the tastes and preferences of our existing and prospective users. A decline in the popularity of online games in general, or our games in particular, would harm our business and prospects.

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There have been an increasing number of new competitors entering into the online gaming industry and we expect the trend to continue in the foreseeable future. Numerous new games, updates and other new concepts/types of games will emerge and compete with our games and products. If we are unable to successfully and efficiently develop new games or expand our game portfolio which meet market requirements and achieve market acceptance, we may not be able to retain or attract customers or generate revenue, and our business and financial condition may be materially and adversely affected.

During the three years ended 31 March 2021, 2022 and 2023 and the six months ended 30 September 2023, the total expenses incurred by Palasino Malta amounted to nil, HK\$5.6 million, HK\$13.1 million and HK\$8.2 million, respectively. The expenses were primarily attributable to the operating expenses, which includes employee benefits expenses, gaming operation expenses relating to platform licence, licence application, cloud service and office expenses. During the Track Record Period, Palasino Malta did not recorded any revenue. Our future plan, which included expansion of our online gaming business to regulated jurisdictions, has not incurred any material cost as at the Latest Practicable Date. Material cost may be incurred when we expand our online gaming business. Whether our expansion plan can be implemented successfully may be beyond our control and some future events may affect the expansion plan, such as change in the expected capital needs for costs related to the setup of office etc. There is no assurance that we will be successful in materialising our expansion plan successfully. If we fail to implement our expansion plan based on our schedule or at all, our business and results of operation may be adversely affected.

The hotel industry in Central Europe is competitive, and if we are unable to compete successfully, our financial condition and results of operations may be harmed

The hotel industry in Central Europe is highly fragmented. We believe that we compete primarily based on location, room rates, brand recognition, quality of accommodations, geographic coverage, service quality, range of services, guest amenities and convenience of the central reservation system. We primarily compete with other hotels in each of the markets in which we operate. According to CIC, in 2022, there were more than 130,000 accommodation establishments in Central Europe. In terms of revenue, our Group earned a market share of 1.2% in the hotel industry of Central Europe in 2022. We also face competitions offered on platforms such as short-term accommodation rental and serviced apartments. New and existing competitors may offer more competitive rates, greater convenience, services or amenities or superior facilities, which could attract customers away from our hotels and result in a decrease in occupancy rates and average daily room rates of our hotels. In addition, the rise of alternative accommodation options, such as homestays and Airbnb, intensifies competition within the industry, according to CIC. Furthermore, our typical guests may change their travel, spending and consumption patterns and choose to stay in other kinds of hotels, especially given the increase in our hotel room rates to keep pace with inflation. Even if our peers cannot outcompete us, any increasing supply of hospitality assets in the areas we operate could negatively affect our operational and financial results. Any of these factors may have an adverse effect on our competitive position, results of operations and financial condition.

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A significant portion of our costs and expenses may remain at the same level or increase even if our revenues decline, which would adversely affect our net margins and results of operations

A significant portion of our operating costs, including depreciation and amortisation, is fixed. Accordingly, a decrease in revenues could result in a disproportionately higher decrease in our earnings because our operating costs and expenses are unlikely to decrease proportionately. However, our fixed expenses do not vary significantly with changes in occupancy and revenues, as we need to continue to pay salary and to make regular repairs, maintenance and renovations and invest in other capital improvements throughout the year to maintain the attractiveness of our hotels. Our property development and renovation costs may increase as a result of increasing costs of materials. However, we have a limited ability to pass increased costs to customers through room rate increases. Therefore, our costs and expenses may increase even if our revenues decline, which would adversely affect our net margins and results of operations.

The global COVID-19 pandemic has materially impacted our business, financial results and liquidity

The COVID-19 pandemic had significant impacts on our business, results of operations and financial condition during the Track Record Period. 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. Since then, with the pandemic easing and the return of customers, our revenue has grown steadily during the three years ended 31 March 2023 and the six months ended 30 September 2022 and 2023. Our revenue generated from our gaming business and hotel business increased significantly by HK\$205.4 million or 140.9% from HK\$145.8 million for the year ended 31 March 2021 to HK\$351.2 million for the year ended 31 March 2022. Our revenue from gaming business and hotel business continued to recover during the year ended 31 March 2023, increasing by HK\$177.8 million or 50.6% from HK\$351.2 million for the year ended 31 March 2022 to HK\$529.0 million for the year ended 31 March 2023. Our revenue from gaming business and hotel business increased by HK\$37.5 million or 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 was significantly influenced by the lockdown protocols imposed by local governments as mentioned above, 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 and should not be an indicator of our Group's future performance.

To the extent that the resurgence of COVID-19 or other similar outbreak of disease disrupts our normal business operations, we may face disrupted market demand and operational challenges. We are closely monitoring the development of the pandemic and continuously evaluating any potential impact on our business, results of operations and financial condition.

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We may not be able to continue to obtain government grants, which are non-recurring in nature

For the three years ended 31 March 2021, 2022 and 2023 and the six months ended 30 September 2022 and 2023, we recognised government grant of HK\$76.4 million, HK\$42.2 million, HK\$2.2 million, HK\$2.3 million and HK\$15,000. Our Group recognised government grants from the government of the Czech Republic, Germany and Austria mainly to subsidise the business operations of respective entities operating in these countries as a result of the COVID-19 impact. Due to the ease of the impact from the COVID-19 pandemic, there can be changes in the governmental policies of the governments of the Czech Republic, Germany and Austria. We face uncertainty relating to the availability of government grants and we cannot guarantee that we will record such income of similar amount, or at all, in the future. Any eliminations or alterations to any of the subsidies provided to us by the governments of the Czech Republic, Germany and Austria may have an adverse effect on our financial performance and results of our operations.

Our operating results are subject to conditions affecting the gaming and hotel industries in general

Our operating results are subject to conditions typically affecting the gaming and hotel industries include, among others:

- changes and volatility in national, regional and local economic and competitive conditions in Europe and globally;
- changes in governmental laws and regulations relating to the gaming and hotel industries, including gaming laws and regulations, employment, preparation and sale of food and beverages, environmental concerns, and travel and visa policies, in response to outbreaks of contagious diseases and the related cost of compliance;
- greater impact of any failure to get regulatory approvals for any future developments;
- relaxation in gaming laws and regulations in other regions that would compete with the Czech market;
- competition from other hotels, the attractiveness of our hotels to customers, and our ability to maintain and increase sales to existing customers and attract new customers;
- local market conditions such as an oversupply of, or a reduction in demand for, hotel rooms;
- the quality and performance of managers and other employees;
- willingness of our customers to travel to the Czech Republic (in respect of our gaming business) and Austria and Germany (in respect of our hotel business);

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- increases in operating costs and expenses due to inflation and other factors;
- the availability and cost of capital to fund construction and renovation of, and make other investments in, our properties; and
- adverse weather conditions, natural disasters or travellers' fears of exposure to contagious diseases and social unrest.

If we are unable to take appropriate actions to rectify the adverse impact brought by any of the above events in an adequate and timely manner, it may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our business maybe sensitive to reductions in discretionary consumer and corporate spending as a result of downturns in the economy in Central Europe

Our business and operations are primarily based in Central Europe. Accordingly, our financial results have been, and we expect will continue to be, affected by developments in the economies and gaming and hotel industries primarily of Central Europe.

Consumer demand for casinos and hotels is particularly sensitive to downturns in the economy and the corresponding impact on discretionary spending. Changes in discretionary consumer spending or corporate spending on conventions and business travel could be driven by many factors, such as: perceived or actual general economic conditions; fear of exposure to a widespread health epidemic, such as the COVID-19 pandemic; any weaknesses in the job or housing market; credit market disruptions; high energy, fuel and food costs; the increased cost of travel; the potential for bank failures; perceived or actual disposable consumer income and wealth; fears of recession and changes in consumer confidence in the economy; or fear of war, political instability, such as the military conflict between Russia and Ukraine, civil unrest or future acts of terrorism. These factors could reduce consumer and corporate demand for the amenities and leisure and business activities we offer, thus imposing additional limits on pricing and harming our operations.

It is unclear whether the above challenges will be contained or resolved and what effects they may have. Any prolonged slowdown in the Central European economy may have a negative impact on our business, results of operations and financial condition.

Inflation in Europe may disrupt our business and have an adverse effect on our financial condition and results of operations

The economy in Europe is currently experiencing rising rates of inflation and increasing salaries. Salary increases could potentially increase discretionary spending on travel, but general inflation may also erode disposable incomes, consumer spending or adversely affect the gambling appetite. Furthermore, certain components of our operating costs, including staff costs and utilities, may increase as a result of an increase in prices for goods and services resulting from general inflation. However, we cannot guarantee that

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we can pass increased costs to customers through increase in our room rate, food price and/or service charges. If we fail to do so and the inflation is significant, it could adversely impact our business, financial condition and results of operations.

Our business depends on our ability to attract and retain a sufficient number of qualified employees to run our operations. A limited supply of qualified managers or labour could cause labour costs to increase

Our ability to maintain our competitive position is dependent to a large degree on the efforts, skills and continued service of our key management and operating personnel. The loss of our key management and operating personnel would likely have a material adverse effect on our business.

Our business is also labour intensive and, therefore, our success also depends in large part on our ability to attract, train, motivate and retain a sufficient number of qualified and skilled employees to run our operations. Europe has a relatively limited labour market for the supply of qualified and skilled employees for our business.

Given the limited pool of qualified operating, marketing, financial and technical personnel and experienced gaming and hotel personnel currently available in Europe as well as the development of gaming and hotel industries in Europe, we face and will continue to face significant competition in the recruitment of appropriately qualified and skilled employees.

If we are unable to attract and retain a sufficient number of qualified and skilled employees, or if we encounter a significant increase in labour costs due to salary increases or for any other reason, our ability to compete effectively with the other casinos in the Czech Republic and hotels in Europe and our business, financial condition and results of operations could be materially and adversely affected.

In addition, we may be unable to retain the services of our key management personnel and may not easily be able to replace such personnel if they choose to leave us for any reason. In turn, this could have an adverse effect on our business, financial condition and results of operations.

Our failure to maintain the integrity of our customer, personal or company data, breaches of our cybersecurity systems may result in significant data losses and the theft of our intellectual property, damage our reputation, expose us to liability to third parties, regulatory fines and penalties, and require us to incur significant costs

We face global cybersecurity threats, which may range from uncoordinated individual attempts to sophisticated and targeted measures directed at us. Cyber-attacks and security breaches may include, but are not limited to, attempts to access information, including customer and company information, computer malware such as viruses, denial of service, attacks from ransomware on our information technology system, that may lock, block access or render data, in particular, the personal data of our customers, unusable where we may be asked to make a large lump-sum payment or other consideration in order to resume the operation of our system or return the data to a usable form, operator errors or misuse, or inadvertent releases of data, and other forms of electronic security breaches.

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Our business requires the collection and retention of large volumes of customer and personal data, including debit card and/or credit card numbers and other personally identifiable information in various information systems we maintain and in those maintained by third parties with whom we contract to provide data services. We also maintain important internal company data such as personally identifiable information about our employees and information relating to our operations. The integrity and protection of customer and company data are important to us. Our collection of such customer and company data is subject to extensive regulation by private groups such as the payment card industry as well as domestic and foreign governmental authorities, including gaming authorities. If a sophisticated cyber event occurs, our systems may be unable to satisfy applicable regulations or employee and customer expectations.

A significant theft, loss or fraudulent use of customer or company data maintained by us could have an adverse effect on our reputation, cause a material disruption to our operations and management team and result in remediation expenses (including liability for stolen assets or information, repairing system damage and offering incentives to customers or business partners to maintain their relationships after an attack) and regulatory fines, penalties and corrective actions, or lawsuits by regulators, third-party service providers, third parties that share data with us pursuant to contractual agreement and/or consumers whose data is or may be impacted. Such theft, loss or fraudulent use could also result in litigation by shareholders alleging our protections against cyber-attacks were insufficient, our response to an attack was faulty or insufficient care was taken in ensuring we were able to comply with cybersecurity, privacy or data protection regulations, protect data, identify risks and attacks, or respond to and recover from a cyber-attack, or by customers and other parties whose information was subject to such attacks. In addition, we may incur increased cybersecurity protection costs that may include organisational changes, deploying additional personnel and protection technologies, training employees and engaging third-party experts and consultants. Any of these events could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Further, the regulatory environment governing information, security and privacy laws is increasingly demanding and continues to evolve. As aforementioned, we could be subject to risks caused by misappropriation, misuse, leakage, falsification, system malfunction or intentional or accidental release or loss of information maintained in our information systems and networks and those of our third-party service providers.

During the Track Record Period and up to the Latest Practicable Date, our Group did not experience any material security criminal incidents nor any material hardware or software failure in relation to our information technology systems (in particular, CMS for our land-based gaming operations and property management system for our hotel operations). However, if we are unable to maintain reliable information technology systems and appropriate controls with respect to global data privacy and security requirements and prevent data breaches, we may suffer regulatory consequences in addition to business consequences. The European Union has adopted comprehensive data protection and security laws. Please refer to the paragraph headed "Laws and regulations in relation to data protection" under the section headed "Regulatory Overview" in this document for more details.

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Data privacy laws in the European Union are developing rapidly. We may therefore be potentially subject in the future to additional data protection obligations to those that we are already subject to and for which we are fully compliant. This may result in additional costs.

Government enforcement actions can be costly and may interrupt the regular operation of our business, and data breaches or violations of data privacy laws can result in significant fines, reputational damage and civil lawsuits, any of which may adversely affect our business, financial condition and results of operations.

Any failure, malfunction or significant interruption in our network infrastructure could adversely impact our land-based and online gaming and hotel operations and harm our business

The stable operation and performance of our network infrastructure and technology system, in particular, CMS for our land-based gaming operations and property management system for our hotel operations, are essential for our land-based and online gaming and hotel operations in that it ensures our smooth operations (applicable to land-based gaming and hotel) and game functioning and uninterrupted player experience (applicable to online gaming). Our infrastructure, however, may in the future experience, hardware or software failures, power failure, data corruption or other performance problems due to a variety of factors, such as increasing pressure on our servers and networks, network disruption of our third-party partners such as telecommunications carriers. Internet viruses or hacking or other attacks on our infrastructure, and damage or interruption as a result of natural disasters.

We cannot assure you that we will be able to maintain adequate disaster recovery systems, effectively address capacity constraints, upgrade our systems as needed and continue to develop our technology and network architecture to accommodate increasing traffic. If we are unable to achieve any of these targets, our business and results of operations may suffer.

If we lose the services of our third-party information technology systems contractors without a timely replacement, our operations may be seriously disrupted

Our information technology systems were developed and are maintained by third party contractors. We use CMS, which is developed by a global casino technology company based in the U.K., in our casino operations, while we use property management system, which is provided by a third party contractor, to manage our hotel operations. We rely on our third party contractors to (i) maintain the network and infrastructure underlying our information technology systems; (ii) provide technical assistance to us on an ongoing basis; and (iii) upgrade our systems when and as necessary. Any failure by our third party contractors to maintain the satisfactory performance, reliability, security and availability of our network infrastructure may adversely affect our ability to operate our business in an efficient and effective manner. The termination of our arrangements with our third party contractors without timely replacement for any reason could cause a disruption in our business operations and thereby adversely affect our financial results.

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Our casinos and hotels may encounter temporary closures, reduced turnover or lower occupancy rates as a result of repairs, replacements or the redevelopment or renovation of our casinos and hotels

Our casinos and hotels may require repairs and replacements from time to time, which may be time-consuming and require significant capital expenditures. Much of the infrastructure and equipment will eventually need to be replaced or significantly repaired or modernised, which could result in interruptions to our business. Our casinos and hotels may also need to undergo renovation or redevelopment works from time to time to retain their attractiveness and may also require maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations.

Such repairs, replacements, investments, redevelopments or renovations of our casinos and hotels may have a material and adverse impact on our ability to attract players and guests at the casinos and hotels and in some circumstances may require the partial or complete closure of a casino or hotel, or the restaurants or other facilities within a casino or hotel. During the period of any such repairs, replacements, investments, redevelopments or renovations, we may experience a reduction in the number of players visiting our casinos and/or occupancy rates and/or average room rates of the hotels and/or the number of customers using our restaurants and facilities. Moreover, the inconvenience caused by such activities may affect the satisfaction and experience of our players and guests, which may in turn affect their future spending behaviour when they choose casinos/hotels in the future.

If the value of our brands or reputation diminishes, it could have a material and adverse effect on our business and results of operations

Our continued success in maintaining and enhancing our brands and reputation depends, to a large extent, on our ability to satisfy customer needs by offering a diversified portfolio of gaming products and hospitality services and maintaining consistent quality of services, as well as our ability to respond to competitive pressures. If we are unable to do so, our gaming revenue and/or occupancy rates may decline, which could in turn adversely affect our results of operations. Our business may also be adversely affected if our brands or reputation were to be diminished by the operations of any of our casinos or hotels, whether due to unsatisfactory services, accidents or otherwise. Further, our business faces increasing scrutiny related to environmental, social and governance activities and risk of damage to our reputation and the value of our brands if we or any of our respective subsidiaries fail to act responsibly in a number of areas, such as responsible gaming, environmental stewardship, supply chain management, climate change, diversity and inclusion, workplace conduct, human rights, philanthropy and support for local communities. Any harm to our brands or reputation could impact employee engagement and retention and the willingness of customers and our partners to do business with us, which could have a material adverse effect on our business, results of operations and cash flows.

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Our insurance coverage may not be adequate to cover all potential losses that we could suffer, and our insurance costs could increase

Although we have insurance for our property covering damage caused by a casualty loss (such as fire or natural disasters), the policy has certain exclusions. In addition, our property insurance coverage is in an amount that may be less than the expected full replacement cost of rebuilding our property if there was a total loss. Our level of insurance coverage may be inadequate to cover all possible losses in the event of a major casualty. In addition, certain casualty events, such as labour strikes, terrorist attacks, loss of income due to cancellation of room reservations or conventions due to fear of pandemics or terrorism, or damage resulting from deterioration or corrosion, insects or animals and pollution, might not be covered under our insurance policies. Therefore, certain acts and events could expose us to substantial uninsured losses. In addition to the damage caused to our property by a casualty loss, we may suffer business disruption as a result of these events or be subject to claims by third parties who were injured or harmed. While we carry general liability insurance and limited business interruption insurance, this insurance may not continue to be available on commercially reasonable terms and, in any event, may not be adequate to cover all losses.

There is no assurance that we will be able to renew our insurance policies on equivalent premium costs, terms, conditions and limits upon their expiration and certain events, such as flooding and fires, may increase our premium costs. The cost of coverage may become so high that we may need to further reduce our policy limits or increase deductibles to the minimum levels permitted under any agreements to which we are a party or agree to additional exclusions from our coverage.

From time to time, we may be involved in legal and other proceedings arising out of our operations

We may be involved in disputes with various parties involved in our gaming and hotel operations, the operation of our properties, including contractual disputes with suppliers or property damage or personal liability claims. Regardless of the outcome, these disputes may lead to legal or other proceedings and may result in substantial costs and the diversion of resources and management's attention. We may also have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavourable decisions that result in penalties being imposed on us. In such cases, our business, financial condition, results of operations and cash flows could be materially and adversely affected.

We use third-party suppliers, service providers and other business partners to provide products and services to us and to our customers

We work with our third-party suppliers, service providers and other business partners to conduct our business, for example, slot machine suppliers, CMS provider, property management system, suppliers of food and beverage and suppliers of utilities, linens, toiletries and miscellaneous hotel consumables. Any interruptions to their operations, any termination or suspension of our supply arrangements, any change in cooperation terms, the deterioration of cooperative relationships, or any disputes with

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these partners may materially and adversely affect our results of operations. In addition, we cannot assure you that we would be able to find suitable replacement suppliers or service providers on commercially reasonable terms or a timely basis. If we could not solve the impact of the interruptions of operations of our third-party suppliers or service providers, our business operations and financial results may be materially and adversely affected.

Furthermore, our reputation and operation may be harmed by illegal or unsatisfactory actions taken or unsatisfactory performance by these partners that are outside of our control. For example, the failure of our slot machine, CMS or raw material suppliers to ensure product quality or to comply with relevant other laws and regulations, interrupt our operations and/or result in claims against us. In the event that we become subject to claims caused by actions taken or unsatisfactory performance by these partners, we may attempt to seek compensation from the relevant partners. However, such compensation may be limited. If no claim can be asserted against a supplier, service provider or business partner, or amounts that we claim cannot be fully recovered from the supplier, service provider or business partner, we may be required to bear such losses and compensation at our own costs. This could have a material and adverse effect on our business, financial condition and results of operations.

Natural or man-made disasters, an outbreak of highly infectious or contagious disease, political instability, civil unrest, terrorist activity or war could materially adversely affect the number of visitors to our facilities and disrupt our operations

So-called "Acts of God" and other natural disasters, man-made disasters, outbreaks of highly infectious or contagious diseases, political instability, civil unrest, terrorist activity or war (such as the military conflict between Russia and Ukraine) may result, and in the case of the COVID-19 pandemic, have resulted, in decreases in travel to and from, and economic activity in, area in which we operate, and may adversely affect, and the COVID-19 pandemic has adversely affected, the number of visitors to our properties. We also face potential risks associated with the physical effects of climate change, which may include tornado, heavy rainfall, flooding and shortage of water. Any of these events may disrupt our ability to staff our business adequately, could generally disrupt our operations, and could have a material adverse effect on our business, financial condition, results of operations and cash flows. We cannot assure you any our insurance coverage with respect to some of these events will provide any coverage or be sufficient to indemnify us fully against all direct and indirect costs, including any loss of business that could result from substantial damage to, or partial or complete destruction of, any of our properties.

We face risks related to instances of food-borne illnesses, food contamination and associated liability claims

As we provide food and beverage to our customers, we face an inherent risk of food contamination and associated liability claims. Our food quality depends partly on the quality of the food ingredients and raw materials provided by our suppliers. We may not be able to detect all defects in our supplies and food contamination could be caused by third party food suppliers or other factors which are outside of our control. Due to the

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scale of our operations, we also face the risk that certain of our employees may not adhere to our mandated procedures and requirements. Food-poisoning incidents may occur at our casinos and hotels from time to time. Any failure to detect defective food supplies or observe proper hygiene, cleanliness and other quality control requirements or standards in our operations could adversely affect the quality of the food we offer inside or outside our restaurants, which could lead to liability claims, complaints and related adverse publicity, reduced customer traffic at our restaurants and even our casinos and hotels and the imposition against us of penalties by relevant authorities and compensation awards by courts.

We are exposed to foreign exchange risks

During the Track Record Period, a majority of our revenue are denominated in EUR ("**Revenue Currencies**") but the costs incurred by our Group in our business operation are mostly denominated in EUR and CZK ("**Expense Currencies**"). The exchange rate of the Revenue Currencies against that of Expense Currencies fluctuates from time to time and is affected by a number of factors, such as changes in the political and economic conditions in the relevant jurisdiction as well as the fiscal and foreign exchange policies prescribed by the local governments. During the process of preparation of the financial information, it involves exchange difference arising on (i) translation of Revenue Currencies and Expenses Currencies (if applicable) to functional currency of Palasino Group (i.e. CZK), (ii) translation of foreign operations of which the functional currency is EUR to functional currency of our Company (i.e. CZK) and (iii) translation from functional currency of our Company to presentation currency of our Company (i.e. HK\$). Any significant fluctuations in the exchange rates between the Revenue Currencies and the Expense Currencies could materially and adversely affect our results of operations which is presented in HKD. We recorded net foreign exchange loss of HK\$1.0 million, HK\$4.9 million, HK\$9.5 million and HK\$1.7 million for the three years ended 31 March 2023 and the six months ended 30 September 2022 and foreign exchange gain of HK\$8.2 million for the six months ended 30 September 2023 in the combined statements of profit or loss.

We are therefore exposed to foreign currency risks and our profit margins may be adversely affected if we are unable to hedge foreign currency risk. Any exchange rate volatility relating to the Revenue Currencies against the Expenses Currencies may affect our value of net assets, profits and dividends. Any such exchange rate fluctuations may result in an increase or decrease in our reported costs and earnings, which may materially and adversely affect our financial condition and results of operations.

We face exposure to fair value change of financial assets at fair value through profit or loss ("FVTPL")

For the three years ended 31 March 2021, 2022 and 2023 and the six months ended 30 September 2022 and 2023, the fair value change on financial assets at FVTPL, representing the change in fair value of our investment administered by Singford, a fellow subsidiary of our Group, amounted to a gain of HK\$4.5 million, a loss of HK\$1.5 million, a loss of HK\$3.1 million, a loss of HK\$4.7 million and a gain of HK\$17,000, respectively. We use the net asset values of the fund, determined with reference to the observable (quoted) prices of underlying investment portfolio, in valuing our financial assets at FVTPL. The

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determination of fair value of relevant financial assets requires us to make significant estimates, which may be subject to material changes, and therefore inherently involves a certain degree of uncertainty. In addition, fair value changes of financial assets at FVTPL could adversely affect our financial condition and results of operation. Factors beyond our control can significantly influence and cause adverse changes to the estimates we use and thereby affect the fair value of the relevant financial assets. These factors include, but are not limited to, foreign exchange rate, general economic condition, changes in market interest rates and stability of the capital markets. Any of these factors, as well as others, could cause our estimates to vary from actual results, which could materially and adversely affect our financial condition and results of operation. For further information, please refer to the paragraph headed "Financial Information — Current Assets and Current Liabilities — Financial Assets at FVTPL" in this Document.





If our internal controls and procedures fail to be implemented effectively, our business and prospects may be materially and adversely affected

We have recently enhanced our internal controls and systems in a continual effort to improve our risk management capabilities and enhance our internal controls. For more details, please refer to the section headed "Internal Controls and Anti-Money Laundering" in this document. However, we cannot assure you that our internal control and procedures will adequately control, or protect us against, all risks. Some of these risks are unforeseeable or unidentifiable and may be more severe than what we may anticipate.

Our risk management capabilities and ability to effectively monitor legal compliance and other risks are restricted by the information, tools, models and technologies available to us. In addition, given the limited history of some aspects of our risk management and internal control policies and procedures, we will require additional time to implement these policies and procedures in order to fully assess their impact and evaluate our compliance with them. Moreover, our employees will require time to adjust to these policies and procedures and we cannot assure you that our employees will be able to consistently comply with or accurately apply them.

If our risk management and internal controls, procedures and systems fail to be implemented effectively, or if the intended results of such internal controls, procedures or systems are not achieved in a timely manner, including our ability to maintain an effective internal control system, our business, financial condition, results of operations and reputation may be materially and adversely affected.

We may not be able to adequately protect our intellectual property

Our principal intellectual property rights are the logos and brands we use in our gaming and hotel operations. During the course of our business development, we have established two brands, namely "Palasino" and "Trans World Hotels". As at the Latest Practicable Date, our material trademarks, "", "", "PALASINO", "" and "" were registered in European Union. For details, please refer to the paragraph headed "Appendix VI — Statutory and General Information — B. Further information about our business — 2. Intellectual Property Rights" in the document.

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We are in the process of applying for the registration of our trademarks in Hong Kong. Before the registration is complete, we have limited recourse, legally or commercially to protect our intellectual property rights and values. There can be no assurances that our application for trademark registrations will be granted or that the steps we take to use, control or protect our trademarks, will always be adequate to prevent third parties from copying or using the trademarks without authorisation or in a manner where authorisation may not be required. Third parties may challenge our rights to certain trademarks or oppose our trademark applications. Defending against any such proceedings may be costly, and if unsuccessful, could result in the loss of our important trademarks. If our trademarks are misappropriated, or otherwise used in a manner where authorisation may not be required, our brand value and reputation could be harmed.

It is possible that we may be unable to register other trademarks or renew the registration of any of our existing registered trademarks in the future. In any case, we are susceptible to infringement of our logos and brands by third parties, whether or not such logos are or will continue to be registered trademarks. There is no guarantee that the registration of our trademarks can completely protect us against any infringement or passing off. The infringement of and passing off on our logos and brands could adversely affect the perception that our customers have of our casinos and hotels. Enforcement of our intellectual property rights through litigation, whether successful or not, could incur substantial costs. All of these may in turn have a material adverse effect on our business, financial condition, results of operations and prospect.

The appraised value of our properties may be different from their actual realisable value and are subject to change, and if the actual realisable value of our properties is substantially lower than their appraised value, there maybe a material adverse effect on our business, financial condition and results of operations

Our Property Valuer has valued selected properties in Europe in which our Group has interests as at 31 December 2023. Please refer to Appendix III to this document for the full text of their letter, summary of valuation and valuation certificates with regard to such properties' interests.

If any of the valuation assumptions provided by our Property Valuer are proved to be inaccurate, the appraised values of these properties may be materially affected. Accordingly, these appraised values may differ materially from the price we could receive in an actual sale of the properties in the market, and should not be taken as their actual realisable values or a forecast of their realisable values. Unforeseeable changes to economic conditions in Europe may also affect the values of our properties. If the actual realisable value of our property is substantially lower than its appraised value, it may have a material adverse effect on our business, results of operations and financial conditions.

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It may be difficult to enforce legal judgement against us, our member or our senior management

We are a holding company incorporated under the Cayman Islands law with all of our business conducted through our operating subsidiaries incorporated in the Czech Republic, Germany and Austria. Most of our senior management are residents of jurisdictions outside of Hong Kong and Cayman Islands. A substantial portion of our assets and the assets of our senior management, at any one time, are and may be located in jurisdictions outside of Hong Kong and Cayman Islands. It could be difficult for [REDACTED] to effect service of process within Hong Kong or Cayman Islands on our senior management who reside outside of Hong Kong and Cayman Islands. Czech Republic, Germany and Austria have no direct bilateral reciprocal agreements or arrangements with Hong Kong or Cayman Islands that provide for the recognition and enforcement of any judgements of the Hong Kong and/or Cayman Islands courts. As a result, it may be difficult for [REDACTED] outside of Czech Republic, Germany and Austria to enforce any judgements of the Hong Kong and/or Cayman Islands courts against us, our members or our senior management in the Czech Republic, Germany and Austria.

RISKS RELATING TO THE [REDACTED] AND [REDACTED]

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 [REDACTED] of our Shares or cancel our [REDACTED]

We are required to comply with the applicable laws and regulations for our gaming operations in the Czech Republic and Malta. For details, please refer to the section headed "Regulatory Overview" of this document.

We are also subject to compliance with the Gambling Ordinance. 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 [REDACTED] or [REDACTED] of our Shares pursuant to Rule 6.01 of the Listing Rules.

There has been no prior market for our Shares, and their liquidity and market price following the [REDACTED] may be volatile

Prior to the [REDACTED], there was no public market for our Shares. We have applied to list and [REDACTED] our Shares on the Stock Exchange. However, even if approved, there can be no guarantee that: (i) an active or liquid trading market for our Shares will develop; or (ii) if such a trading market does develop, it will be sustained following completion of the [REDACTED]; or (iii) the market price of our Shares will not decline below the [REDACTED]. The trading volume and price of our Shares may be subject to significant volatility in response to, among others, the following factors:

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- variations in our financial position and/or results of operations;
- changes in securities analysts' estimates of our financial position and/or results of operations, regardless of the accuracy of information on which their estimates are based;
- changes in investors' perception of us and the investment environment generally;
- loss of visibility in the markets due to lack of regular coverage of our business;
- strategic cooperation or acquisitions;
- changes in laws and regulations that impose limitations on our industry;
- announcements made by us or our competitors;
- release or expiry of lock-up or other transfer restrictions on our Shares;
- the liquidity of the market for our Shares; and
- general economic and other factors.

[REDACTED] will experience immediate and substantial dilution as a result of the [REDACTED] and could face dilution as a result of future equity financings

The [REDACTED] substantially exceeds the per Share value of our net tangible assets after subtracting our total liabilities, and therefore [REDACTED] will experience immediate dilution when they purchase our Shares in the [REDACTED]. If we were to distribute our net tangible assets to our Shareholders immediately following the [REDACTED], [REDACTED] would receive less than the amount they paid for their Shares.

We will comply with Rule 10.08 of the Listing Rules, which specifies that no further Shares or other securities of our Company (subject to certain exceptions) may be issued or form the subject of any agreement to such an issue within six months from the [REDACTED]. However, after six months from the [REDACTED], we may raise additional funds to finance future acquisitions or expansions of our business operations by issuing new Shares or other securities of our Company. As a result, the percentage shareholding of the then Shareholders may be diluted and such newly issued Shares or other securities may confer rights and privileges that have priority over those of the then Shareholders.

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Future or perceived sales of substantial amounts of our Shares could affect their market price

The market price of our Shares could decline as a result of future sales of substantial amounts of our Shares or other related securities, or the perception that such sales may occur. Our ability to raise future capital at favourable times and prices may also be materially and adversely affected. Our Shares held by the Controlling Shareholders and Dateplum are currently subject to certain lock-up undertakings, the details of which are set out in the paragraph headed "[REDACTED] Arrangements and Expenses" under the section headed "[REDACTED]" and the paragraph headed "The [REDACTED]" under the section headed "History, Reorganisation and Corporate Structure" in this document, respectively. However, there is no assurance that following the expiration of the lock-up periods, these Shareholders will not dispose of any Shares. We cannot predict the effect of any future sales of the Shares by any of our Shareholders on the market price of our Shares.

Our Controlling Shareholders have substantial influence over our Company and its interests may not be aligned with the interests of Shareholders who subscribe for Shares in the [REDACTED]

Prior to and immediately following the completion of the [REDACTED], our Controlling Shareholders will have substantial control over its interests in the issued share capital of our Company. Subject to the Articles of Association, the Companies Ordinance and the Listing Rules, the Controlling Shareholders by virtue of their controlling beneficial ownership of the share capital of the Company, will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders by voting at the general meeting of the Shareholders and at Board meetings. Please refer to the section headed "Relationship with our Controlling Shareholders" in this document. The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Our Controlling Shareholders will have significant influence on the outcome of any corporate transaction or other matters submitted to our Shareholders for approval, including mergers, consolidations, sales of all or substantially all of our assets, election of Directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent changes in control of our Company that would otherwise benefit our other Shareholders. To the extent that the interests of our Controlling Shareholders conflict with those of our other Shareholders, our other Shareholders may be deprived of opportunities to advance or protect their interests.

We cannot guarantee the accuracy of facts, forecasts and statistics with respect to the Czech Republic, Germany, Austria, Malta and Europe, their economies and our relevant industries contained in this document

Certain facts, forecasts and statistics in this document relating to the Czech Republic, Germany, Austria, Malta and Europe, their economies and industries relevant to us were obtained from information provided or published by relevant government agencies, and we can guarantee neither the quality nor reliability of such source materials. The information from official government sources has not been independently verified by

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us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] and the [REDACTED] or any of its respective affiliates or advisers. We make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside of the Czech Republic, Germany, Austria, Malta and Europe. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the statistics herein may be inaccurate or incomparable to statistics produced for other economies and should not be relied upon. Furthermore, there can be no assurance that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, [REDACTED] should consider how much weight or importance they should attach to or place on such facts, forecasts or statistics.

There are risks associated with the forward-looking statements contained in this document

This document contains certain forward-looking statements and information relating to us and the subsidiaries comprising our Group, which are based on the beliefs of our management as well as the assumptions made by and information currently available to our management. Such statements reflect the current views of our Company's management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document.

[REDACTED] should read the entire document and should not place reliance on any information (if any) contained in press articles or other media coverage regarding our Company and the [REDACTED]

Prior to the publication of this document, there may be press and media coverage which contain certain information referring to our Company and the [REDACTED] that does not appear in this document. We have not authorised the disclosure of such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is not contained in this document or is inconsistent or conflicts with the information contained in this document, we disclaim any responsibility and liability in connection therewith or resulting therefrom. Accordingly, you should not rely on any such information.