Palasino Holdings Limited
百樂皇宮控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號：2536

2024
ANNUAL REPORT 年報

Contents

Corporate Information

As at 26 June 2024

BOARD OF DIRECTORS

Non-Executive Directors
Tan Sri Dato' David CHIU (Chairman)
Cheong Thard HOONG

Executive Director
Pavel MARŠÍK (Chief Executive Officer)

Independent Non-Executive Directors
Ngai Wing LIU
Kam Choi Rox LAM
Sin Kiu NG

AUDIT COMMITTEE

Ngai Wing LIU (Chairman)
Kam Choi Rox LAM
Sin Kiu NG

NOMINATION COMMITTEE

Tan Sri Dato' David CHIU (Chairman)
Ngai Wing LIU
Kam Choi Rox LAM
Sin Kiu NG

REMUNERATION COMMITTEE

Ngai Wing LIU (Chairman)
Cheong Thard HOONG
Kam Choi Rox LAM

EXECUTIVE COMMITTEE

Pavel MARŠÍK (Chairman)
Kwok Tai LAW

CHIEF FINANCIAL OFFICER

Kwok Tai LAW

COMPANY SECRETARY

Kwok Tai LAW

AUTHORISED REPRESENTATIVES

Cheong Thard HOONG
Kwok Tai LAW

LEGAL ADVISORS

Reed Smith Richards Butler LLP
Conyers Dill & Pearman
Becker a Poliakoff, s.r.o., advokátní kancelář
Kraft Rechtsanwalts GmbH
avocado rechtsanwälte
WH Partners
Justyna Zyga ECO Legal Kancelaria Radcy Prawnego

COMPLIANCE ADVISER

Altus Capital Limited

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest
Entity Auditors

PRINCIPAL BANKERS

Allgemeine Sparkasse Oberösterreich
Bankaktiengesellstaft
Erste Bank der oesterreichischen Sparkassen AG
Kreissparkasse Köln
Sparkasse Langen-Seligenstadt
Sparkasse Münden
Ceská spořitelna, a.s.
Finductive Ltd.
Komerční banka
Raiffeisenbank a.s.

PLACE OF INCORPORATION

Cayman Islands

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL OFFICE

16/F, Far East Consortium Building
121 Des Voeux Road Central
Hong Kong

SHARE REGISTRAR

Tricor Investor Services Limited
17/F., Far East Finance Centre,
16 Harcourt Road,
Hong Kong

LISTING INFORMATION

Ordinary Shares (Code: 2536)

The Stock Exchange of Hong Kong Limited

WEBSITE

http://www.palasinoholdings.com

Financial and Operational Highlights

KEY FINANCIAL DATA

	2024 HK$'000	2023 HK$'000
Revenues:		
Gaming revenue	402,403	390,403
Hotel, catering, leasing and related services revenue	161,938	138,618
	564,341	529,021
Gaming tax	(141,562)	(133,097)
Total Net Revenue	422,779	395,924
Adjusted EBITDA (note 1)	85,493	85,415

GAMING STATISTICS

	2024 HK$'000	2023 HK$'000
Drop		
Slot machine drop	6,618,494	6,271,933
Table games drop	402,789	448,503
Total	7,021,283	6,720,436
Gross gaming revenue		
Slot machine gross win	339,135	304,160
Table games gross win	91,786	95,508
Total	430,921	399,668
	HK$	HK$
Average slot win per machine per day (note 2)	1,631	1,657
Average daily gross win per table (note 2)	4,045	4,220
Slot machine hold percentage (note 3)	5.1%	4.8%
Table hold percentage (note 3)	22.8%	21.3%
Occupancy rate of slot machines		
– Overall (note 4)	21.7%	22.5%
– Peak hours (8 p.m. to 12 a.m.) (note 5)	72.5%	75.4%

KEY FINANCIAL METRICS

	2024	2023
Net profit attributable to Owners of the Company (HK$'000)	8,542	44,154
Basic earnings per share (HK cents)	1.19	6.18
Total Assets (HK$'000)	738,703	616,815
Total Borrowings (HK$'000)	61,536	70,189
Gearing ratio	12%	18%

Notes:

1. Represents a non-HKFRS measure which is defined and reconciled to the nearest comparable HKFRS measure in the section headed "Non-HKFRS Financial Measures" Section below.
2. 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
3. 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%
4. 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 player account card.
5. Peak hours refer to 8 p.m. to 12 a.m. every Friday and Saturday.

Chairman's Statement

I am delighted to present to our shareholders the first set of annual report following the listing (the "Listing") of Palasino Holdings Limited ("Palasino" or the "Company", and together with its subsidiaries, the "Group") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 26 March 2024 (the "Listing Date").

The Listing marked an important key milestone for Palasino. As we embark on a new journey as a public company, I would like to share with you our current key focus which I believe is important for the long-term development of our Group:

1. Enhance our gaming product offerings to create better experience for our customers in our properties;

2. Seek long term sustainable value creation through both organic growth and acquisitions;

3. Diversify our earning streams adding online business to our current land-based operations with a key focus on gaming; and

4. Adhere to the principle of a high standard of corporate governance and excel in our operations.

Our Group currently has a good base of assets which serves as a strong foundation for the business to generate good cashflow.

Our Group's results for the financial year ended 31 March 2024 ("FY2024") is a testament to this strong foundation. Although earnings were down from last year, this was primarily caused by one-off listing expenses, real estate transfer tax on reorganisation and continued investments in the online gaming business. Adjusting for these items, our adjusted EBITDA, a non-HKFRS measure, from land-based operations continue experienced a positive growth.

Following the acquisition of a retail property in Mikulov in the Czech Republic, we intend to leverage our operating expertise in the country to convert the property into a casino. More recently, Palasino established a new wholly-owned subsidiary, Palasino Technology (HK) Limited, to focus on online game content opportunities in the business-to-business segment. These are examples of new initiatives our Group is undertaking.

With the new capital raised in the initial public offering of Palasino, our Group has a strong balance sheet to allow it to expand. We shall use this capital wisely to upgrade our existing facilities as well as for potential acquisitions.

Looking forward, I believe the macro environment will remain challenging with interest rates and inflation staying elevated, although there are early signs that inflation is coming under control. In the coming financial year, we will experience the full impact of the higher gaming tax in the Czech Republic which will impact the profitability of our Group. Despite this, we believe the initiatives we are undertaking to diversify our Group's income stream will position our Group well in countering the impact in the longer term.

Lastly, I would like to thank all our employees for their dedication and hard work in building the business. I have every confidence that the team can continue to drive the growth of our Group and create long term sustainable value for our shareholders.

David CHIU
Chairman and non-executive Director

26 June 2024

Chief Executive Officer's Report

INTRODUCTION

FY2024 has been transformative for the Company. Following all-year long and extremely resource intensive preparations, we have been successfully listed on the Stock Exchange on 26 March 2024. Shortly after that, we are excited to share our recent progress and future plans in this annual report.

Although the recent economic conditions have been challenging as further described below, our long history in the European, especially Czech gaming and Czech, German and Austrian hospitality sector, coupled with our core values of integrity, innovation, overall responsibility and excellence in customer service, positions us well for future growth.

COMPANY PERFORMANCE AND FINANCIAL HEALTH

In this financial year, we have achieved very good financial results with a revenue growth of 7% to HK$564 million and while our net profit for the year declined, predominantly due to the listing expenses, our operating results remained strong with the same adjusted EBITDA, a non-HKFRS measure, of HK$85 million as in previous year. Adding back our online gaming development expenses and revenue, the EBITDA (a non-HKFRS measure) of our existing operations were able to be increased by 7% to HK$106 million. Our balance sheet remains very strong, with a liquidity ratio of 2.9 and a gearing ratio of 12%, ensuring we are well-positioned to capitalize on future opportunities.

GAMING DIVISION

Our existing gaming operations i.e. casinos in Czech Republic, reported revenue growth of 3% to HK$402 million. This growth is mainly attributable to our slot machine operations, where both basic indicators, being slot machine attendance and slot machine win per guest showed positive trend, with table game operations remaining strong as well. Gaming division direct profit before taxation showed growth of 1% to HK$104 million. Incremental revenue flow through has been negatively impacted by external factors being mainly the overall inflationary pressure on costs as well as the gaming tax rate increase in last quarter of the financial year.

HOTEL DIVISION

Our hotels continued with their post-pandemic recovery, reporting 17% revenue growth to HK$162 million. This growth results from positive development of both basic indicators being hotel occupancy and average daily rate. Hotel division direct profit before taxation has grown by 4% to HK$4.5 million. Also here, the incremental revenue flow through has been negatively impacted by various factors, mainly the overall inflationary pressure on costs, increased number of employees following the pandemic-related reductions and increased repair and maintenance costs necessary to keep the properties in good condition.

MARKET ENVIRONMENT

Following the pandemic-related breakdown in supplier chains, resulting high deficit public budgets, high inflation and interest rates, energy crisis and political instability due to the Russia-Ukraine war, the macro-economic situation in Europe started to stabilize during last year. However, the impact of these factors is still clearly visible, especially on the cost side of our business.

All our operations are operating on highly competitive markets, where quality of product, offering variety and excellence in service are the success decisive factors. It is the fact though, that in the gaming division we also face unfair competition from private operators at times and in the hotel division the post-pandemic return of especially the conference business has not fully materialized yet.

SUSTAINABILITY AND SOCIAL RESPONSIBILITY

We are committed to sustainable business practices, focusing on energy efficiency, reducing our carbon footprint and taking care of the environment in and around our properties. Our responsible gaming initiatives, going over the minimum regulatory requirements, ensure the well-being of our customers, and our CSR projects aim to make a positive impact in the communities we are present in. We also support diversity and inclusion, ensuring a welcoming environment for all. We believe that on the job satisfaction of our employees is a key to long term success of the Company.

OPERATIONAL EXCELLENCE

Operational excellence remains a cornerstone of our business. We are proud of our levels of customer service in both divisions, and are continuously enhancing and diversifying our product offering with the aim to meet customer demands, exceed their expectations and stay ahead of our competition. We continue to invest in employee training and development, ensuring our team delivers exceptional service. We also continue to invest into all our properties to make sure they are in good conditions enabling us to provide unique experience to our customers in a safe and comfortable environment.

REGULATORY COMPLIANCE AND GOVERNANCE

As evidenced by the successful initial public offering (the "IPO") as well as by the recently renewed 6 years gaming license in Czech Republic, we adhere to strict regulatory standards in all our markets, ensuring full compliance with local and international laws. Our governance practices, policies and procedures are designed to maintain transparency and accountability, with a reasonably robust structure in place to oversee our operations, especially in the gaming division. This modus operandi is in line with our core values, consistent with world-wide trend of increasing regulations, especially in the gaming area and proves to be successful on long term basis.

GROWTH AND DIVERSIFICATION STRATEGIES

Our strategic growth plan includes expanding our presence in existing as well as new markets by both organic growth and mergers and acquisitions.

Consistent with the prospectus of the Company dated 18 March 2024 (the "Prospectus"), we are preparing extension and renovation projects for our main gaming properties (being Palasino Savannah Resort and Palasino Wullowitz), while adding more and new types of slot machines into our offering, to be able to accommodate increased customer demand without compromising the level of customer service.

In the land-based gaming area, we have completed the acquisition of a retail park building with adjacent parking space located in Mikulov (the "Mikulov Property"), and we plan to convert it to our fourth casino operation in Czech Republic.

We are carefully developing our online gaming division, licensed in Malta, and plan to enter first set of selected B2C markets in near future. Recently, we have also touched into the B2B segment of the online gaming arena by arranging a gaming content sublicensing scheme.

In addition, we are reviewing other merger and acquisition opportunities both in Europe and Asia.

CONCLUSION

In conclusion, I would like to thank our employees for their dedication, our shareholders for their trust, and our customers for their loyalty. We believe we are well positioned for future growth, despite challenging market conditions. We look forward to the exciting journey ahead as we continue to grow and diversify our business while making a positive impact on society.

Pavel MARŠÍK
Chief Executive Officer and executive Director

26 June 2024

Profile of Directors and Senior Management

As at 26 June 2024

MR. PAVEL MARŠÍK

Executive Director and Chief Executive Officer

Pavel MARŠÍK ("Mr. Maršík"), aged 51, is our executive Director and Chief Executive Officer. As our Chief Executive Officer, Mr. Maršík is responsible for formulating overall corporate and business strategies of the Company and, with the support of a management team which includes other members of our senior management and divisional heads, overseeing the day-to-day management and operation of our Group. Mr. Maršík is also a director of various subsidiaries of our Group. Mr. Maršík worked at Arthur Andersen Prague from August 1996 to March 2000. Mr. Maršík joined Palasino Group, a.s. (formerly known as Trans World Hotels & Entertainment, a.s.) ("Palasino Group") in March 2000 as the Regional Financial Controller and board member. Initially, Mr. Maršík supported Trans World Corporation ("TWC") (the then parent company of Palasino Group) in the implementation of internal control and financial reporting systems as well as the financial management of Palasino Group. Since 2004, Mr. Maršík has taken an active role in growing and diversifying Palasino Group's business both organically as well as by acquisitions and greenfield developments of casinos in the Czech Republic and hotels in the Czech Republic, Germany, and Austria. From September 2018 to June 2020, Mr. Maršík was the chief financial officer (Europe) of Far East Consortium International Limited ("FEC"). Since July 2020, Mr. Maršík has been leading the team at Palasino Group as managing director (which position he held until he took up the position of chief executive officer in July 2023), chairman of the board and chief financial officer of Palasino Group.

With over 23 years of experience at Palasino Group in a variety of leadership positions (including, most recently, as managing director or chief executive officer, chairman and chief financial officer of Palasino Group, in which capacities he has led our Group through the challenges of the COVID-19 pandemic), Mr. Maršík has an in-depth understanding of our business. During his tenure at our Group, Mr. Maršík has helped shepherd the acquisitions of our hotels in Germany and Austria, as well as the establishment of our landmark resort, Palasino Savannah Resort. Following the Merger in 2018 which saw FEC acquire TWC, Mr. Maršík guided Palasino Group through the first few years of new ownership in his role as chief financial officer (Europe) of FEC. Mr. Maršík has long held finance-related positions at our Group and his strong track record in both financial and operational management (specifically as it relates to our Group) gives him a unique perspective that will help guide our Group as we navigate a fast-changing post-COVID landscape, and makes him uniquely qualified to assume the Chief Executive Officer position.

Mr. Maršík obtained a Dipl. Ing. (Master's Degree) from the University of Economics in Prague in June 1996, specialising in International Trade, and obtained the FCCA title from the Association of Chartered Certified Accountants in the United Kingdom in May 2005.

TAN SRI DATO' DAVID CHIU, B.SC.

Non-executive Director and Chairman

Tan Sri Dato' David CHIU (丹斯里拿督邱達昌), aged 70, is our non-executive Director and chairman of the board of directors of the Company (the "Board"). He is also one of our controlling shareholders. Tan Sri Dato' David CHIU is responsible for providing strategic advice in the formulation of business plans and major decisions of our Group. Tan Sri Dato' David CHIU has over 40 years of experience in property development and extensive experience in hotel development. He graduated from the University of Sophia in Japan with a Bachelor of Science degree in Business Administration and Economics in July 1975. He was appointed as the managing director of FEC and later became the deputy chairman and chief executive officer of the FEC and its subsidiaries (the "FEC Group") in 1978, 1994 and 1997, respectively. In 2011, Tan Sri Dato' David CHIU was appointed as the chairman of FEC. He is an executive director of FEC and also a director of a number of the FEC Group's subsidiaries. Tan Sri Dato' David CHIU was the vice-chairman and a non-executive director of i-CABLE Communications Limited (stock code: 1097) from September 2017 until May 2023. In Malaysia, he was conferred an honorary award which carried the title "Dato" and subsequently a more senior honorary title of "Tan Sri" by His Majesty, the King of Malaysia, in 1997 and 2005, respectively.

MR. CHEONG THARD HOONG, B.ENG., ACA

Non-executive Director

Cheong Thard HOONG ("Mr. Hoong") (孔祥達), aged 55, is our non-executive Director. Mr. Hoong is responsible for providing strategic advice in the formulation of business plans and major decisions of our Group. Mr. Hoong has over 12 years of experience in the corporate finance and investment banking industry in Asia. In 1997, he joined UBS as an associate director in the corporate finance department and was subsequently promoted to director and executive director in 2000 and 2002, respectively. From 2003 to 2006, Mr. Hoong worked for Deutsche Bank as a director. Mr. Hoong was the chief executive officer and an executive director of China LotSynergy Holdings Limited (which was then listed on GEM of the Stock Exchange but has since transferred its listing to the Main Board of the Stock Exchange and changed its name to China Ecotourism Group Limited) from 2006 to 2008, and its non-executive director from 2008 to 2017. Mr. Hoong has been an executive director of FEC since August 2012. Mr. Hoong was the managing director of FEC from September 2008 to December 2023 and was redesignated as the managing director of Far East Organization (International) Limited with effect from 1 January 2024. Mr. Hoong has been a non-independent and non-executive director of Land & General Berhad, a company listed on the main board of Bursa Malaysia, since 1 June 2010. Mr. Hoong was a non-executive director of i-CABLE Communications Limited, a company listed on the Main Board of the Stock Exchange, from September 2017 to May 2023. Mr. Hoong was a director of AGORA Hospitality Group Co., Ltd., a company listed on the Tokyo Stock Exchange, from March 2009 to March 2017. Mr. Hoong graduated from Imperial College of Science, Technology and Medicine, University of London in the United Kingdom in August 1989 with a Bachelor of Engineering degree in Mechanical Engineering. Mr. Hoong is a member of the Institute of Chartered Accountants in England and Wales.

DR. NGAI WING LIU

Independent Non-executive Director

Ngai Wing LIU ("Dr. Liu") (廖毅榮), aged 73, was appointed as an independent non-executive Director with effect from 4 March 2024. Dr. Liu is responsible for providing oversight of the Board and independent advice on the operation and management of our Group. Prior to joining our Group, Dr. Liu held other senior management positions in companies whose shares are or were listed on the Main Board of the Stock Exchange. Dr. Liu was the chief executive officer and non-executive chairman at Yoshiya International Corporation, Limited (currently known as Capital Estate Limited, Stock Code: 193) from October 1996 to November 1998 and from December 1998 to April 2002, respectively; the chief executive officer and executive director of Singapore Hong Kong Properties Investment Limited (Stock Code: 245) (currently known as China Vered Financial Holding Corporation Limited) from September 2000 to December 2001; and an executive director of eSun Holdings Limited (Stock Code: 571) from November 1998 to May 2008. From March 2000 to December 2008, Dr. Liu was an independent non-executive director and the chairman of the audit committee of Hang Fung Gold Technology Limited (currently known as 3D-GOLD Jewellery Holdings Limited), a company whose shares were listed on the Main Board of the Stock Exchange but were subsequently delisted on 9 July 2012. Shares in 3D-GOLD were suspended from trading since 29 September 2008, and it was announced on the same day that Dr. Lam Sai Wing ("Dr. Lam"), the then chairman of 3D-GOLD, had passed away and that technical breaches of certain loan facilities may arise as a result of Dr. Lam ceasing to be chairman of 3D-GOLD. On 14 October 2008 it was announced that certain wholesale trade receivables of 3D-GOLD might not be recoverable, and a winding up petition for 3D-GOLD was filed by The Hongkong and Shanghai Banking Corporation Limited on 17 October 2008. The winding-up petition was subsequently adjourned to 13 July 2011 based on the available announcement of 3D-GOLD. The shares of 3D-GOLD were delisted with effect from 9 July 2012 by the Stock Exchange. Since Dr. Liu's resignation from the board of directors of 3D-GOLD on 5 December 2008, he has been unaware of any further developments in the affairs of 3D-GOLD.

Dr. Liu previously acted as an independent non-executive Director and a member of the audit committee in other companies listed on the Main Board and GEM Board of the Stock Exchange, including in Daiwa Associate Holdings Limited (Stock Code: 1037) (currently known as Maxnerva Technology Services Limited) from September 2004 to December 2015, in New Smart Energy Group Limited (Stock Code: 91) (currently known as Golden Century International Holdings Group Limited) from July 2005 to September 2009 and in Hanvey Group Holdings Limited (Stock Code: 8219) from April 2019 to June 2024. Dr. Liu was also an independent non-executive Director and the chairman of the audit committee of Dorsett Hospitality International Limited from September 2010 to October 2015.

Dr. Liu was awarded a Master of Business Administration from Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong) in December 1999. He further obtained multiple degrees, including a Master of Science degree in Hotel and Tourism Management from The Hong Kong Polytechnic University in November 2001 and a Master of Science degree in Global Business from The Chinese University of Hong Kong in December 2002. Dr. Liu obtained his PhD degree from the Hotel and Tourism Management School of The Hong Kong Polytechnic University in October 2008, a Master of Arts degree in China Studies from Hong Kong University of Science and Technology in November 2011, a Doctor of Business Administration degree from Curtin University of Technology in January 2013, a Master of Arts degree in Asian and International Studies from The City University of Hong Kong in February 2013, a Master of Arts degree in Practical Philosophy from Lingnan University in November 2015, a Master of Arts degree in Chinese Studies from Chu Hai College of Higher Education in October 2017, a Bachelor of Arts degree in Chinese Humanities from Hong Kong Metropolitan University in August 2018, and a Bachelor of Social Sciences degree from Hong Kong Metropolitan University in November 2021.

Dr. Liu is an associate of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Company Secretaries), an associate of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators), a member of The Hong Kong Institute of Certified Public Accountants and a fellow of The Association of Chartered Certified Accountants.

MR. KAM CHOI ROX LAM

Independent Non-executive Director

Kam Choi Rox LAM ("Mr. Lam") (林錦才), aged 69, was appointed as an independent non-executive Director with effect from 4 March 2024. Mr. Lam is responsible for providing oversight of the Board and independent advice on the operation and management of our Group. Mr. Lam is a retired senior banker with over 40 years of experience in the banking and financial industry. Prior to joining our Group, Mr. Lam was with OCBC Bank (HK Branch) from July 2007 to April 2023, where he has held various positions, including Head of Corporate and Institutional Banking, deputy general manager, and chief executive and general manager, which was his last position with the bank. From March 1978 to July 2007, Mr. Lam worked at the Bank of Tokyo-Mitsubishi UFJ (currently known as MUFG Bank), where he has held various positions, including Head of Corporate Banking and Deputy General Manager. Mr. Lam's last position with the Bank of Tokyo-Mitsubishi UFJ was Senior Assistant General Manager of the Asian Investment Banking Division – Global Finance Department. From October 1984 to March 1987, Mr. Lam was with the Bank of Credit and Commerce where he was promoted from officer to acting manager. Mr. Lam was a bank officer in the Advances Department in Barclays Bank from October 1978 to October 1984. Mr. Lam obtained a Master of Business Administration from the University of Ballarat (currently known as Federation University Australia) in Australia in September 2006. Mr. Lam had been a Certified Credit Risk Management Professional (Credit Portfolio Management (CCRP(CPM)) of the Hong Kong Institute of Bankers since January 2021 until his retirement in April 2023.

MS. SIN KIU NG

Independent Non-executive Director

Sin Kiu NG ("Ms. Ng") (吳先僑), aged 51, was appointed as an independent non-executive Director with effect from 4 March 2024. Ms. Ng is responsible for providing oversight of the Board and independent advice on the operation and management of our Group. Ms. Ng has been a partner of the law firm, Watson Farley & Williams LLP, since December 2015. She was previously also a partner at Squire Patton Boggs from April 2012 to December 2015. Ms. Ng has over 10 years of experience in corporate finance matters, and has advised on a broad spectrum of matters, including initial public offerings, secondary equity and equity-linked offerings, mergers and acquisitions, transactional and compliance matters, and other commercial matters. Prior to becoming partner, Ms. Ng was an assistant solicitor at Paul Hastings from January 2008 to October 2008, and at Gallant (formerly known as Gallant Y.T. Ho & Co) from February 2000 to April 2001. From May 2001 to December 2007 and October 2008 to December 2009, Ms. Ng was an assistant solicitor at Sidley Austin, and she was a consultant at Sidley Austin from January 2010 to March 2012. Ms. Ng graduated with a Bachelor of Laws degree from The University of Hong Kong ("HKU") in November 1995, and also obtained her Postgraduate Certificate in Laws at HKU in June 1996. She was awarded a Master of Laws degree from HKU in December 1999. Ms. Ng was qualified as a Solicitor of the High Court of Hong Kong in August 1998, of the Supreme Court of England & Wales in March 1999, and of the Greater Bay Area in May 2023.

MR. KWOK TAI LAW

Chief Financial Officer and Company Secretary

Kwok Tai LAW ("Mr. Law") (羅國泰), aged 52, is the Chief Financial Officer and Company Secretary. He is responsible for the overall financial management and capital market and investor relations of the Company. Mr. Law has over 20 years of experience in the corporate finance, investment banking and financial industry. Prior to joining the Group, Mr. Law was an executive director at Morgan Stanley Asia Limited from September 2018 to May 2023 and a director at Credit Suisse (Hong Kong) Limited from September 2015 to August 2018. From August 2006 to August 2015, Mr. Law worked at BNP Paribas Capital (Asia Pacific) Limited with his last position as a director. Mr. Law was an assistant vice president at BOCI Asia Limited from February 2005 to August 2006. From March 2000 to February 2005, Mr. Law was at Anglo Chinese Corporate Finance, Limited, where his last position was senior manager. From December 1996 to February 2000, Mr. Law was at KPMG, where his last position was assistant manager. Mr. Law graduated from Hong Kong Polytechnic with an honorary Bachelor of Science in Nursing in November 1994 and obtained his Master of Business Administration from Monash in Melbourne, Australia in December 1996. Mr. Law joined G-Vision International (Holdings) Limited, a company listed on the Stock Exchange (stock code: 657) as an independent non-executive director since 19 June 2024. Mr. Law is qualified as a Certified Public Accountant in Australia and in Hong Kong and was certified as a Chartered Financial Analyst in September 2001. Mr. Law is also a fellow of the Hong Kong Securities and Investment Institute and life associate member of The Hong Kong Independent Non-Executive Director Association.

MR. TOMÁŠ KMENT

Director of Administration and Facilities

Tomáš KMENT ("Mr. Kment"), aged 58, is our Director of Administration and Facilities, and leads the administration, legal, facilities and IT team of the Company responsible for the procurement and maintenance of facilities and equipment of the Land Based Gaming Business and German and Austrian Hotel Business, as well as other general administrative functions of the Company. He is also responsible for the corporate governance of our Group, including overseeing the licencing and permit agenda and dealings with governmental agencies. Mr. Kment is also a director of various subsidiaries of our Group. Mr. Kment has over 26 years of management experience. He joined LMJ Casino Rozvadov in October 1997 as an administrative manager and was appointed our Director of Administrations and Facilities in 2000. Prior to joining our Group, Mr. Kment worked at Kreditní banka a.s., Plzeň in the Czech Republic from 1993 to 1996. Mr. Kment graduated from Czech Technical University, Transportation and Handling Technology in Prague in September 1990 with a dipl Ing degree. Mr. Kment is the president of the Czech Casino Association (which is a member of the European Casino Association).

Profile of Directors and Senior Management

As at 26 June 2024

MR. COLIN CHAPMAN STEWART

Chief Operating Officer – Gaming

Colin Chapman STEWART ("Mr. Stewart"), aged 59, is our Chief Operating Officer – Gaming and leads the operations team in relation to the land based gaming business and the online gaming business and is responsible for formulating the business development strategies of the land based gaming business and online gaming business. Mr. Stewart also handles the gaming licence applications of the Online Gaming Business. Mr. Stewart is also a director of various subsidiaries of our Group. Mr. Stewart joined our Group in February 2014 as director of casino operations and was appointed our Director of Operations in November 2015. Mr. Stewart has been heading Palasino Malta Limited ("Palasino Malta") as its chief executive officer since July 2021 and is a key functionary of Palasino Malta, having been granted the Key Function Certificate by the MGA in November 2022. Mr. Stewart has over 40 years of experience in the gaming industry, having worked in various jurisdictions, including the United Kingdom, Poland, Czech Republic, Bulgaria and the Caribbean. During the period from 1988 to 2007, Mr. Stewart worked in casinos in different countries, including Genting Lucaya Beach Resort & Casino (in the Bahamas), Shangri La Casino of Storm International (in Russia), Zjednoczone Przedsiebiorstwa Rozrywkowe S.A. (in Poland), Aspers (Newcastle) Ltd (in the United Kingdom) and Princess Trimontium Casino (in Bulgaria) with various senior titles, including gaming shift manager, pit boss, head of marketing and general manager. Prior to joining our Group, Mr. Stewart worked at Casino Marketing Design, where his responsibilities included preparing market and business reports for casinos.

MR. JOHN FRIAR

Director of Audit and Compliance

John FRIAR ("Mr. Friar"), aged 51, is our Director of Audit and Compliance and is responsible for supervising the operation of the land based gaming business and the German and Austrian hotel business to ensure they remain compliant with external regulations and internal procedures. Mr. Friar has over 20 years of experience in the gaming industry. He joined TWC as a trainee dealer in 1999 and was appointed as an internal auditor of our Group in 2001 and our Director of Audit and Compliance in 2008. Prior to joining our Group, Mr. Friar was with Prudential Assurance Company PLC in the United Kingdom from 1989 to 1995. Mr. Friar is a key functionary of Palasino Malta, having been granted the Key Function Certificate by the MGA in November 2022. Mr. Friar finished his secondary education at Downs School, Compton in the United Kingdom in 1989.

CHANGES TO DIRECTORS' INFORMATION

Save as disclosed herein, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Four-Year Financial Summary

	For the year ended 31 March			
	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000
Results				
Revenue	**564,341**	529,021	351,196	145,771
Profit before taxation	**28,167**	61,616	49,050	3,519
Income tax expense	**(18,675)**	(17,462)	(8,967)	(962)
Profit for the year	**9,492**	44,154	40,083	2,557

	As at 31 March			
	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000
Assets and Liabilities				
Total assets	**738,703**	616,815	577,157	521,435
Total liabilities	**(235,849)**	(229,053)	(228,912)	(214,236)
	502,854	387,762	348,245	307,199
Non-controlling interests	**–**	(38,776)	–	–
Equity attributable to equity holders of the Company	**502,854**	348,986	348,245	307,199

Note: Figures for the years ended 31 March 2021 and 2022 are extracted from the Company's prospectus dated 18 March 2024.

Management Discussion and Analysis

Palasino Wullowitz

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately HK$35 million or 7% from approximately HK$529 million for the year ended 31 March 2023 to approximately HK$564 million for the year ended 31 March 2024. This was mainly attributable to the increase in the number of slot machines and the continued recovery of the hotel and related business after the COVID-19 pandemic.

A breakdown of the Group's revenue is set out below.

	2024 **HK$'000**	2023 HK$'000	% Change
Gaming revenue	**402,403**	390,403	3%
Hotel, catering and related services revenue	**161,811**	138,618	17%
Leasing revenue	**127**	–	N/A
	564,341	529,021	7%
Gaming tax	**(141,562)**	(133,097)	6%
Total Net Revenue	**422,779**	395,924	7%

Gaming revenue is generated from the three casinos in the Czech Republic, which mainly offer slot machines and table games. For the year ended 31 March 2024, gaming revenue amounted to approximately HK$402 million (year ended 31 March 2023 ("FY2023"): HK$390 million), representing 71% (FY2023: 74%) of total revenue for the same year. The increase in gaming revenue by approximately HK$12 million or 3% was mainly driven by the increase in revenue from the slot machine operations.

Palasino Savannah Resort

Please refer to below for further details on the results of the Group's gaming operations.

Hotel, catering and related services revenue is generated primarily from (i) Hotel Savannah in the Czech Republic, (ii) Hotel Columbus, Hotel Auefeld, Hotel Kranichhöhe in Germany, and (iii) Hotel Donauwelle in Austria. For the year ended 31 March 2024, revenue from hotel, catering and related services amounted to approximately HK$162 million (FY2023: HK$139 million), representing 29% (FY2023: 26%) of total revenue. The increase of approximately HK$23 million or 17% comes from both the hotel operation and catering operation.


Hotel Columbus

Please refer to below for further details on the operating results of hotels, catering and related services.

Leasing revenue comes from the existing tenant of the Mikulov Property which the Group acquired in February 2024 for conversion into a casino.


Mikulov Property

Gaming tax

For the year ended 31 March 2024, the gaming tax under the relevant Czech laws was calculated based on 35% and 30% of the gross gaming revenue ("GGR") of slot machines and table games, respectively. The gaming tax for the year ended 31 March 2024 amounted to approximately HK$142 million (FY2023: HK$133 million), representing 35% (FY2023: 34%) of the gross gaming revenue. The gaming tax increased by approximately HK$9 million or 6% from approximately HK$133 million for the year ended 31 March 2023 to approximately HK$142 million for the year ended 31 March 2024 which is consistent with (i) the growth of GGR; and (ii) the increase in the gaming tax rate under the relevant Czech laws of table games from 23% to 30% since 1 January 2024.

Palasino Furth im Wald


Poker Room, Palasino Excalibur City

Management Discussion and Analysis

The below table summarises the selected results of the Group's casino operation:

	2024 HK$'000	2023 HK$'000
Gaming revenue from:		
– slot machine operations	**321,505**	300,124
– table gaming operations	**80,898**	90,279
	402,403	390,403
Drop		
Slot machine drop	**6,618,494**	6,271,933
Table games drop	**402,789**	448,503
Total	**7,021,283**	6,720,436
Gross gaming revenue		
Slot machine gross win	**339,135**	304,160
Table games gross win	**91,786**	95,508
Total	**430,921**	399,668

	HK$	HK$
Average slot win per machine per day[Note 1]	**1,631**	1,657
Average daily gross win per table[Note 1]	**4,045**	4,220
Slot machine hold percentage[Note 2]	**5.1%**	4.8%
Table hold percentage[Note 2]	**22.8%**	21.3%
Occupancy rates of slot machines		
– Overall[Note 3]	**21.7%**	22.5%
– Peak hours (8 p.m. to 12 a.m.)[Note 4]	**72.5%**	75.4%

Notes:

1. 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

2. 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%

3. 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 player account card.

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

Revenue generated from slot machines operation amounted to approximately HK$322 million (FY2023: HK$300 million), representing 80% (FY2023: 77%) of total gaming revenue for the year ended 31 March 2024. The increase in revenue generated from slot machines operation of approximately HK$21 million or 7% was mainly attributable to the increase in the number of slot machines to meet post-COVID-19 pent-up demand for entertainment and social experiences. The number of slot machines increased from 446 as at 31 March 2022 to 560 as at 31 March 2023 and further increased to 568 as at 31 March 2024. As such, the full year effect of such increase is fully reflected during the year ended 31 March 2024. The gaming appetite and spending of patrons further increased, which is consistent with the growing trend.


Main gaming floor, Palasino Furth im Wald

While there were slight decreases in the average slot win per machine per day and average daily gross win per table in FY2024 when compared to FY2023, there were slight increases in the slot machine hold percentage and table hold percentage. The increase in the number of slot machines also contributed to a slight decrease in occupancy rates, particularly during peak times. The Group's strategy is to offer varied and attractive slot products in each casino, allowing players to select and vary their game choices rather than having to wait for available machines. To this end, the Group provides slot machines from multiple suppliers, offering a wide selection of games and jackpots, including both progressive and individual operation jackpots.


Main gaming floor, Palasino Excalibur City

Management Discussion and Analysis

The below table summaries the results of the Group's hotel operation:

	2024 HK$'000	2023 HK$'000	% Change
Hotel, catering and related service revenue from:			
– hotel operations	**90,800**	76,238	19%
– catering operations	**71,011**	62,380	14%
	161,811	138,618	

	2024	2023	% Change
Average Daily Room Rate (HK$)[Note 1]			
Hotel Columbus	**685**	680	
Hotel Auefeld	**741**	693	
Hotel Kranichhöhe	**751**	685	
Hotel Donauwelle	**756**	668	
Hotel Savannah	**618**	568	
Average of all hotels	**710**	659	8%
Average occupancy rate (%)[Note 2]			
Hotel Columbus	**40**	35	
Hotel Auefeld	**54**	47	
Hotel Kranichhöhe	**57**	62	
Hotel Donauwelle	**51**	43	
Hotel Savannah	**60**	58	
Average of all hotels	**52**	49	6%
Room Revenue (HK$'000)[Note 3]			
Hotel Columbus	**11,664**	10,211	
Hotel Auefeld	**13,616**	11,467	
Hotel Kranichhöhe	**16,795**	16,560	
Hotel Donauwelle	**24,908**	18,589	
Hotel Savannah	**10,652**	9,487	
Average of all hotels	**15,527**	13,263	17%
RevPAR (HK$)[Note 4]			
Hotel Columbus	**273**	239	
Hotel Auefeld	**401**	338	
Hotel Kranichhöhe	**430**	424	
Hotel Donauwelle	**388**	289	
Hotel Savannah	**369**	329	
Average of all hotels	**372**	324	15%

Notes:

1. Average daily room rate = room revenue/the number of rooms in use
2. Average occupancy rate = (the number of rooms in use/the number of available rooms) x 100%
3. Rate of hotel rooms paid by hotel guest
4. RevPAR = room revenue/the number of rooms available


Hotel Auefeld


Hotel Kranichhöhe

There was an increase of approximately HK$15 million or 19% in revenue from hotel operations and an increase of approximately HK$9 million or 14% in revenue from catering operations. The increase in revenue from hotel operations was mainly due to (i) the increase in average room rate from HK$659 in FY2023 to HK$710 in FY2024, representing a 8% increase; and (ii) the improvement of the average occupancy rate from 49% in FY2023 to 52% in FY2024, which is consistent with the growing trend demonstrated in the past years as a result of the gradual recovery from the impact of the COVID-19 pandemic.

Other income

Other income primarily consisted of (i) interest income from related parties; and (ii) bank interest income. For the year ended 31 March 2024, other income amounted to approximately HK$3 million (FY2023: HK$5 million). The decrease of approximately HK$2 million or 42% from the previous financial year was mainly attributable to the reduction in government grants in relation to the COVID-19 pandemic.

Other gains and losses

Other gains and losses for the year ended 31 March 2024 represented a gain of approximately HK$11 million as compared to a loss of approximately HK$12 million for the year ended 31 March 2023, representing an increase of approximately HK$23 million, and mainly consists of net foreign exchange gain/loss. The majority of the revenue of the Group is denominated in EUR while costs are largely denominated in EUR and CZK. The increase in net foreign exchange loss during the year ended 31 March 2023 was due to the depreciation of EUR against CZK. The foreign exchange gain for the year ended 31 March 2024 was primarily due to the appreciation of EUR against CZK.

Operating expenses

Total operating expenses increased by approximately HK$82 million or 25% from approximately HK$327 million for the year ended 31 March 2023 to approximately HK$409 million for the year ended 31 March 2024. This was mainly attributable to the increase in revenue, inflationary pressure and one-off expenses relating to the reorganisation and listing of the Group as detailed below. A breakdown of the operating expenses is set out below.

	2024 **HK$'000**	2023 HK$'000	% Change
Employee benefits expenses	**198,009**	170,182	16%
Other operating expenses	**97,090**	86,146	13%
Inventories consumed	**31,311**	25,076	25%
Depreciation and amortisation	**24,513**	23,180	6%
Listing expenses	**23,537**	–	N/A
Rental expenses of slot machines	**22,416**	19,128	17%
Real estate transfer tax on reorganisation	**7,927**	–	N/A
Finance costs	**4,121**	3,576	15%
Total operating expenses	**408,924**	327,288	25%

Employee benefit expenses increased by approximately HK$28 million or 16% from approximately HK$170 million for the year ended 31 March 2023 to approximately HK$198 million for the year ended 31 March 2024. This was mainly attributable to the increase in total headcount from 649 as at 31 March 2023 to 690 as at 31 March 2024 and the salary increase with the inflationary pressure.

Other operating expenses increased by approximately HK$11 million or 13% from approximately HK$86 million for the year ended 31 March 2023 to approximately HK$97 million for the year ended 31 March 2024. This was mainly attributable to the increase in (i) the hotel and catering operating expenses; (ii) the gaming operating expenses; and (iii) the audit and professional fee. The hotel and catering operating expenses include laundry services, commission fees paid to booking agencies and cleaning service providers, repairs & maintenance, utilities, administration including IT etc. The gaming operating expenses include expenses incurred for daily gaming operations, including marketing, administration (including IT), repairs & maintenance, utilities, storage cost of the surveillance records and service fees paid to casino management system provider etc.

Inventories consumed consisted primarily of the cost of food and beverage for the catering operations. For the year ended 31 March 2024, the cost of inventories consumed amounted to approximately HK$31 million, compared to HK$25 million for the year ended 31 March 2023. This increase of approximately HK$6 million, or 25%, was in line with the 14% year-over-year increase in revenue from catering operations, which grew from approximately HK$62 million in FY2023 to HK$71 million in FY2024. The higher inventory costs were also influenced by inflationary pressures during the period.

Depreciation and amortisation primarily consisted of (i) depreciation of property and equipment, (ii) depreciation of right-of-use assets and (iii) amortisation of intangible assets. For the year ended 31 March 2024, depreciation and amortisation amounted to approximately HK$25 million (FY2023: HK$23 million). Depreciation and amortisation expenses increased by approximately HK$2 million or 6% which was mainly due to the amortisation of intangible assets.

Listing expenses of approximately HK$24 million are related to the professional fees and other costs in connection with the global offering which was reflected in the profit and loss account for FY2024. An amount of approximately HK$9 million has been capitalized to the share premium account. From cashflow perspective, FEC, the controlling shareholder, on a pro rata basis, shared 40% of the listing expenses in accordance with their sale share percentage under the global offering.

Rental expenses of slot machines were incurred as some of the slot machines were leased. The increase of rental expenses of slot machines from HK$19 million in FY2023 to HK$22 million in FY2024 or approximately 17% was mainly attributable to the full year effect of the increase in the number of slot machines leased.

The real estate transfer tax on reorganisation is related to the Group's German properties and is payable under the Real Estate Transfer Tax Act of Germany upon completion of the reorganisation. Pursuant to the deed of indemnity dated 4 March 2024, FEC and Ample Bonus Limited ("Ample Bonus") have agreed to indemnify the Group for this expense.

Finance costs increased by approximately HK$1 million or 15% from approximately HK$3 million for the year ended 31 March 2023 to approximately HK$4 million for the year ended 31 March 2024. This was mainly attributable to the increase in interest rates across Europe.

Profit for the Year

Profit before tax decreased by approximately HK$33 million or 54% from approximately HK$61 million for the year ended 31 March 2023 to approximately HK$28 million for the year ended 31 March 2024. This was mainly attributable to one-off and non-recurring expenses, being the listing expenses and real estate transfer tax on reorganisation. To reflect the actual operating profit of the Group, adjusted net profit, a non-HKFRS measure, excluding these two expenses for the year ended 31 March 2024, was approximately HK$41 million, representing a decrease of approximately HK$3 million when compared to approximately HK$44 million in FY2023. Such decrease was mainly due to the increase of approximately HK$8 million in online gaming expenses from approximately HK$13 million in FY2023 to approximately HK$21 million in FY2024. Please refer to the paragraph headed "Non-HKFRS Financial Measures" for details.

LIQUIDITY AND FINANCIAL RESOURCES

The equity attributable to owners of the Company as at 31 March 2024 increased to approximately HK$503 million, representing an increase of 44% from approximately HK$349 million as at 31 March 2023 while the Group's total assets increased to approximately HK$739 million as at 31 March 2024 as compared to approximately HK$617 million as at 31 March 2023.

The Company's total cash and bank balances (including fixed deposits) were approximately HK$305 million as at 31 March 2024 compared to approximately HK$86 million as at 31 March 2023 while total borrowings were approximately HK$62 million as at 31 March 2024 as compared to approximately HK$70 million as at 31 March 2023. The Group had a net positive cash position as at 31 March 2024 and 31 March 2023.

The following table sets out the Group's bank and cash balances and bank and other borrowings as at 31 March 2024.

	As at 31 March 2024 HK$'000	As at 31 March 2023 HK$'000
Bank and other borrowings		
Due within 1 year	**8,862**	31,191
Due 1-2 years	**8,187**	6,025
Due 2-5 years	**37,164**	18,047
Due more than 5 years	**7,323**	14,926
Total bank loans and other borrowings	**61,536**	70,189
Bank and cash balances	**305,122**	86,084
Liquidity position	**305,122**	86,084
Net cash	**243,586**	15,895

Bank and other borrowings denominated in:

	As at 31 March 2024	As at 31 March 2023
EUR	**99%**	99%
CZK	**1%**	1%
	100%	100%

As at 31 March 2024, the Group had a total of approximately HK$62 million of bank and other borrowings, of which HK$61 million were denominated in EUR and HK$1 million were denominated in CZK, and 37% of the bank and other borrowings were with floating rates while the remaining had fixed rates.

FOREIGN EXCHANGE MANAGEMENT

The majority of revenue is denominated in EUR while costs are largely denominated in EUR and CZK. A foreign exchange gain of approximately HK$10 million was recorded for the year ended 31 March 2024. The value of the EUR against the CZK fluctuates depending to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the CZK and the EUR or other currencies in the future. Foreign currency payments are received from our customers during daily operations, and there are borrowing and loan balances in different currencies. The fluctuation in exchange rates may significantly reduce revenue which is presented in HKD in the consolidated statements of profit or loss and other comprehensive income. As such, the results of operations are subject to fluctuations in currency exchange rates which may cause volatility and may make it difficult to compare the results of operations.

The Group does not currently maintain a foreign currency hedging policy to hedge against exposure to currency risk. However, management of the Group manages foreign currency risk by maximizing share of costs denominated in EUR, closely monitoring the movement of foreign currency rates and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL EXPENDITURE

The Group's capital expenditure consisted of additions of property, equipment and intangible assets.

During the year ended 31 March 2024, the Group incurred capital expenditure of HK$24 million, including (i) the general renovation and maintenance of the hotels and casinos, (ii) the upgrade and replacement of property and equipment and (iii) purchase of IT-related equipment of HK$12 million, HK$11 million and HK$1 million, respectively. Such amounts of capital expenditure were funded by cash generated from operations.

CAPITAL COMMITMENTS

As at 31 March 2024, the Group had capital commitments of approximately HK$6 million (as at 31 March 2023: HK$6 million), which will be funded through cash and cash equivalents and the listing proceeds from the global offering.

The capital commitments are mainly capital expenditure for the acquisition of property and equipment contracted for but not provided in the consolidated financial statements. The capital commitments as at 31 March 2024 represented the amount which have been committed to suppliers for the purchase of slot machines. Significant capital expenditure contracted for but not recognised as liabilities amounted to approximately HK$6 million as at 31 March 2024.

CHARGES ON COMPANY ASSETS

As at 31 March 2024, the Group has approximately HK$4 million and HK$116 million of bank deposits and property and equipment pledged as securities respectively for bank loans entered into in Germany and Austria.

Apart from the above pledged assets, the Group also pledged the entire shareholding of Trans World Hotels Austria GmbH for bank borrowings as at 31 March 2024.

GEARING RATIO

As at 31 March 2024, the Group had a gearing ratio of approximately 12% (as at 31 March 2023: approximately 18%). Gearing ratio is calculated based on the total bank and other borrowings divided by the total equity as at the end of each financial year and multiplied by 100%. The decrease in the gearing ratio as at 31 March 2024 resulted primarily from the increase in total equity from HK$388 million as at 31 March 2023 to HK$503 million as at 31 March 2024, which was primarily attributable to the allotment and issuance of shares of the Company during the global offering in the current year.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in this annual report, during the year ended 31 March 2024, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures.

CONTINGENT LIABILITIES

As at 31 March 2024, the Group did not have any contingent liabilities.

VALUATION OF PROPERTIES

For the purpose of the Listing, a valuation as at 31 December 2023 was conducted on certain properties held by our Group. The properties were valued at HK$470,570,000 as at 31 December 2023 by Roma Appraisals Limited, as disclosed in the Prospectus. As detailed in note 3 to the consolidated financial statements of this Report and in the Accountant's Report set out in Appendix I to the Prospectus, the net book amount of freehold land of our Group is stated at historical cost less impairment losses. Accordingly, no additional depreciation would be charged against the statement of profit or loss and other comprehensive income regardless of the market value of the properties.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2024, the Group employed 690 employees (as at 31 March 2023: 649) mainly in Czech Republic, Germany, Austria and Malta. Employee costs amounted to approximately HK$198 million (FY2023: HK$170 million).

The Group provides its employees with comprehensive benefit packages and career development opportunities, including medical benefits, and both internal and external training appropriate for various levels of staff roles and functions.

The Group has adopted a share option scheme on 4 March 2024 to provide incentive or reward to eligible participants for their contribution or potential contribution to the Group. No share option has been granted under the share option scheme as at the date of this annual report.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this annual report, during the year ended 31 March 2024, the Group did not have any plans for material investments or capital assets which are legally binding.

PROSPECTS AND OUTLOOK

The Group expects the macro-economic environment for 2025 to be challenging with expected relatively high inflation and interest rates as well as the continuation of the Ukraine – Russia war, all of which will have some impact on the Group's development and financial results. The increase in the gaming tax rate which came into effect on 1 January 2024 is also expected to impact the Group's profitability.

To solidify its market position, the Group intends to maintain and further consolidate the Group's market presence in the gaming industry in the Czech Republic and Central Europe through asset rejuvenation including the overhaul of the gaming area facilities, back-of-house areas, guest rooms and other hospitality offerings at Palasino Savannah Resort and Palasino Wullowitz. In addition, the number of slot machines will be increased to further increase our gaming revenue stream.

The Group will continue to seek new opportunities to expand the Group's gaming business in the Czech Republic, Central Europe and other markets through acquisition of business or asset and/or bidding for new gaming licence.

USE OF LISTING PROCEEDS

The shares of the Company were listed on the Main Board of the Stock Exchange on the Listing Date. Based on the offer price of HK$2.60 per offer share, the net proceeds from the global offering received by the Company, after deduction of the underwriting commission and other expenses payable by the Company in connection with the global offering, were approximately HK$194.1 million.

On 19 April 2024, the sole overall coordinator of the global offering (for itself and on behalf of the international underwriters) partially exercised the over-allotment option in respect of an aggregate of 10,990,000 shares, among which 6,594,000 shares were newly allotted and issued by the Company. The additional net proceeds of approximately HK$15.3 million were received by the Company from the allotment and issue of such 6,594,000 shares, after deducting the commissions and other offering expenses payable by the Company in relation to the exercise of the over-allotment option.

Since the Listing Date and up to the date of this annual report, the Group has not utilized any portion of the net proceeds. There are currently no concrete plans to utilize the net proceeds otherwise than as stated in the Prospectus, details of which are set out below:

		Planned allocation of net proceeds (HK$ million)			Expected timeline for utilization of proceeds (HK$ million)				
					For the year ending 31 March				
Major Categories		From IPO	From Over-allotment Option	**Total**	2025	2026	2027	2028	**Total**
Maintain and further consolidate our market presence in the gaming industry in the Czech Republic through asset rejuvenation	60.0%	116.5	9.2	125.7	17.0	12.7	49.1	46.9	125.7
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	30.0%	58.2	4.6	62.8	36.5	16.0	10.3	–	62.8
Additional working capital and other general corporate purposes	10.0%	19.4	1.5	20.9	9.4	5.8	5.7	–	20.9
	100.0%	194.1	15.3	209.4	62.9	34.5	65.1	46.9	209.4

To the extent that the listing proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we shall hold such funds in short-term deposits with licenced banks and/or authorised financial institutions as defined under the SFO or the applicable laws in the relevant jurisdiction for non-Hong Kong based deposits.

Non-HKFRS Financial Measures

To supplement the consolidated financial statements, which are presented in accordance with HKFRS, Adjusted EBITDA and adjusted net profit are presented as additional financial measures, which are unaudited and not required by, or presented in accordance with HKFRS. These financial measures are presented because they are used by the management to evaluate the financial performance by eliminating the impact of items that do not consider indicative of the business performance. It is also believed that these non-HKFRS measures provide additional information to investors in understanding and evaluating the consolidated results of operations in the same manner as they help the management compare financial results across accounting periods.

Adjusted net profit (non-HKFRS measure) is calculated as net profit (HKFRS measure) after elimination of listing expenses and real estate transfer tax on reorganisation as non-recurring items. Adjusted EBITDA (non-HKFRS measure) is defined by the Company as profit/loss for the year without considering depreciation and amortization, income tax, finance costs and interest income.

The Group provides a reconciliation of Adjusted EBITDA (non-HKFRS measure) to adjusted net profit (non-HKFRS measure) and then to profit for the year, calculated and presented in accordance with HKFRS. The terms adjusted net profit and Adjusted EBITDA are 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 the operating performance or profitability of the Group.

The adjusted net profit and Adjusted EBITDA (non-HKFRS measure) of the Group may not be comparable to similarly titled measures of another company because they do not have a standardised meaning and all companies may not calculate adjusted net profit and Adjusted EBITDA in the same manner. The following table presents a reconciliation of Adjusted EBITDA (non-HKFRS measure) to adjusted net profit (non-HKFRS measure) and then to profit for each of the years indicated:

	2024 **HK$'000**	2023 HK$'000
Profit for the year	**9,492**	44,154
Add:		
Listing expenses	**23,537**	–
Real estate transfer tax on reorganisation	**7,927**	–
Adjusted net profit (non-HKFRS measure)	**40,956**	44,154
Add:		
Depreciation and amortisation	**24,513**	23,180
Income tax	**18,675**	17,462
Finance costs	**4,121**	3,576
Less:		
Interest income from related parties	**2,641**	2,296
Bank interest income	**131**	661
Adjusted EBITDA (non-HKFRS measure)	**85,493**	85,415

The Group recorded Adjusted EBITDA (non-HKFRS measure) of approximately HK$85 million for both years ended 31 March 2023 and 31 March 2024.

There was an increase of approximately HK$8 million in online gaming expenses from approximately HK$13 million in FY2023 to approximately HK$21 million in FY2024, while no revenue was generated from online gaming business in FY2023 and only immaterial amount of revenue was generated from online gaming business in FY2024. To demonstrate the performance of the Group's land based casinos and hotels and for illustrative purpose only, by excluding the online gaming revenue and expenses, the Adjusted EBITDA, a non-HKFRS measure, would amount to approximately HK$106 million in FY2024 and approximately HK$99 million in FY2023. The increase of approximately HK$7 million represented a growth of approximately 7% which was corresponding with the total revenue growth.

Directors' Report

The directors of the Company (the "Directors") present their annual report and the audited financial statements of the Group for the year ended 31 March 2024.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its subsidiaries are engaged in the gaming and hotel businesses.

PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Details of the Company's principal subsidiaries at 31 March 2024 are set out in note 36 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the Group's business, including the important events affecting the Group that have occurred since the end of the financial year and the likely future developments and an analysis of the Group's performance using financial key performance indicators, is set out in the "Management Discussion and Analysis", "Chairman's Statement" and "Chief Executive Officer's Report" of this annual report. Principal risks and uncertainties facing the Group are set out in the "Chairman's Statement" and "Chief Executive Officer's Report".

The Group is committed to support sustainability of the environment and endeavours to comply with laws and regulations regarding environmental protection and to adopt measurement to achieve efficient use of resources, energy saving and waste reduction. A discussion of the Group's environmental policies and performance is set out in the independent "Environmental, Social and Governance Report", which is available on the websites of the Stock Exchange and the Company for inspection and download.

The Group has complied with the relevant laws and regulations that have significant impact on the operations of the Group.

The Group is committed to establishing a close and caring relationship with our employees, customers and suppliers and enhancing cooperation with our business partners. Details are set out in the independent "Environmental, Social and Governance Report", which is available on the websites of the Stock Exchange and the Company for inspection and download.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2024 (the "Year") are set out in the consolidated statement of profit or loss on page 53.

The Board did not recommend the distribution of a final dividend for the year ended 31 March 2024.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company is scheduled to be held on Friday, 23 August 2024 (the "2024 AGM"). For determining the entitlement to attend and vote at the 2024 AGM, the Register of Members of the Company will be closed from Tuesday, 20 August 2024 to Friday, 23 August 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2024 AGM, unregistered holders of Shares should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 19 August 2024.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past four financial years is set out on page 13.

DISTRIBUTABLE RESERVES

In the opinion of the Directors, the reserves of the Company which are available for distribution to the shareholders of the Company (the "Shareholders") at 31 March 2024 amounted to approximately HK$179,417,000.

INVESTMENT PROPERTIES

Details of the movements during the Year in the investment properties of the Group are set out in note 14 to the consolidated financial statements.

PROPERTY AND EQUIPMENT

Details of the movements during the Year in the property and equipment of the Group are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the Year in the share capital of the Company are set out in note 30 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company since the Listing Date and up to the date of this report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time for the year ended 31 March 2024 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

PERMITTED INDEMNITY PROVISION

Subject to the applicable laws, every director of the Company and its Subsidiaries shall be entitled to be indemnified by the relevant company against all costs, fees, losses, expenses and liabilities incurred by him or her in the course of his or her duties or in relation thereto pursuant to their respective articles of associations. Such provisions were in force during the course of the Year and remained in force as at the date of this report.

The Company has arranged liability insurance for Directors and officers with appropriate coverage for certain legal liabilities which may arise in the course of performing their duties.

DIRECTORS

The Directors during the Year and up to the date of this report were:

Executive Director

Mr. Pavel MARŠÍK (Chief Executive Officer)

Non-executive Directors

Tan Sri Dato' David CHIU (Chairman)
Mr. Cheong Thard HOONG

Independent Non-executive Directors

Dr. Ngai Wing LIU
Mr. Kam Choi Rox LAM
Ms. Sin Kiu NG

Each of our Directors has (i) obtained the legal advice referred to under Rule 3.09D of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") on 27 February 2024; and (ii) confirmed that he/she understood his/her obligations as a Director.

Pursuant to the provisions of the Articles and the Listing Rules, Mr. Pavel MARŠÍK and Mr. Cheong Thard HOONG shall retire at the 2024 AGM and are eligible to offer themselves for re-election at the 2024 AGM.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the Year.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the 2024 AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director nor a connected entity of a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Tan Sri Dato' David CHIU is a non-executive Director and a controlling shareholder of FEC (and together with its subsidiaries but excluding the Group, the "Remaining FEC Group"). As stated in the Prospectus, the Remaining FEC Group has a minority interest (less than 5%) and joint venture interest in certain gaming business in Australia (namely, The Star Entertainment Group Limited ("The Star") and Destination Brisbane Consortium ("DBC")) and owns and operates its hotel portfolio under the Dorsett brand (with the exception of the Ritz-Carlton hotels in Perth and Melbourne), with a focus on the three to four-star hotel segment.

On the basis that (a) the Remaining FEC Group does not consolidate the results of The Star and the DBC into its accounts; (b) the Remaining FEC Group has no hospitality or gaming operations in the Czech Republic, Germany and Austria at all; (iii) the hotels of the Remaining FEC Group are operated under different brands and management teams and also target different markets than the hotels of the Group, we consider that (a) apart from its interest in the Company, FEC does not currently control a business similar to the principal business of the Group that competes or is likely to compete, either directly or indirectly, with the Group's business; (b) our business is clearly delineated from that of the Remaining FEC Group; and (c) given (i) there is independence of boards and management between the Remaining FEC Group and the Group; and (ii) the Group is financially and operationally independent from the Remaining FEC Group, we are sufficiently independent from and do not rely on the Remaining FEC Group.

For further details, please refer to the section headed "Relationship with our Controlling Shareholders" in the Prospectus. As at 31 March 2024, there was no material change to the relevant details disclosed in the Prospectus. The independent non-executive Directors have also conducted a review and confirmed that on the basis of the above, as far as the independent non-executive Directors can ascertain, there is no material conflict of interests between the Group and its controlling shareholders.

TAX RELIEF AND EXEMPTION FOR HOLDERS OF LISTED SECURITIES

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

CONNECTED TRANSACTIONS

From the Listing Date and up to the date of this report, there was no transaction which constitutes connected transaction or continuing connected transaction that are not exempt from the disclosure requirements under Chapter 14A of the Listing Rules.

SIGNIFICANT RELATED PARTY TRANSACTIONS

Details of significant related party transactions during FY2024 are set out in note 31 to the consolidated financial statements. The related party transactions as set out in note 31(i) (in respect of the lease payment) to the consolidated financial statements constitute continuing connected transactions/connected transactions as defined under Chapter 14A of the Listing Rules. However, these transactions are exempt from the disclosure requirements under Chapter 14A of the Listing Rules. Save as disclosed above, those significant related party transactions in note 31 to the consolidated financial statements did not fall under the definition of connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules.

The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

A. The Company

A.1 Long position in the ordinary shares

Name of the Director	Capacity	Number of ordinary shares interested	Approximate percentage of the Company's issued share capital[2]
Tan Sri Dato' David CHIU	Interest of controlled corporations[1]	586,858,662	73.36%
Mr. Cheong Thard HOONG	Beneficial owner	106,579	0.01%

Notes:

1. These Shares include 585,714,000 Shares directly held by Ample Bonus and 1,144,662 Shares held by Sumptuous Assets Limited which are both wholly-owned by FEC.

2. The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 31 March 2024.

3. Tan Sri Dato' David CHIU is a director of Ample Bonus and Sumptuous Assets Limited. Mr. Cheong Thard HOONG is a director of Ample Bonus.

Directors' Report

B. Associated corporations

B.1 Long position in the ordinary shares

Name of the Director	Name of associated corporation	Capacity	Number of ordinary shares interested	Approximate percentage of the relevant issue share capital
Tan Sri Dato' David CHIU	FEC	Interest of controlled corporations[1]	1,484,639,937	52.69%
		Beneficial owner[1]	27,563,478	0.98%
		Interest of spouse[1]	20,789,895	0.74%
	Ample Bonus	Interest of controlled corporation[1]	101	100%
	Sumptuous Assets Limited	Interest of controlled corporation[1]	1	100%
	Far East Organization (International) Limited	Beneficial owner[1]	1	100%
Mr. Cheong Thard HOONG	FEC	Beneficial owner[2]	13,283,692	0.47%
		Joint interest[2]	802	0.00%
	BC Investment Group Holdings Limited ("BC Invest")[3]	Beneficial owner	792,383	3.46%
Dr. Ngai Wing LIU	FEC	Beneficial owner	1,793	0.00%

Notes:

(1) As at 31 March 2024, Tan Sri Dato' David CHIU was interested in an aggregate of 1,532,993,310 ordinary shares (approximately 54.41%) of FEC, of which (i) 27,563,478 ordinary shares (approximately 0.98%) were beneficially held by Tan Sri Dato' David CHIU; (ii) 20,789,895 ordinary shares (approximately 0.74%) were held by his spouse, Mrs. Nancy CHIU NG (iii) 1,484,621,213 ordinary shares (approximately 52.69%) were held 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; and (iv) 18,724 ordinary shares (approximately 0.001%) were held by Modest Secretarial Services Limited (which was directly wholly-owned by Tan Sri Dato' David CHIU).

(2) As at 31 March 2024, Mr. Cheong Thard HOONG was interested in an aggregate of 13,284,494 ordinary shares (0.47%) of FEC of which (i) 13,283,692 ordinary shares (0.47%) were beneficially held by Mr. Cheong Thard HOONG; and (ii) 802 ordinary shares (0.00%) were jointly held with his spouse, Ms. Pei Chun TENG.

(3) BC Invest is a company incorporated in the Cayman Islands with limited liability on 24 January 2019 (which FEC indirectly holds over 50% interest).

B.2 Long position in the underlying shares of BC Invest – physically settled unlisted derivatives

Name of the Director	Capacity	Number of underlying shares in respect of the purchase rights granted	Approximate percentage of BC Invest's issued share capital
Mr. Cheong Thard HOONG	Beneficial owner	457,502	2.00%

Save as disclosed above, as at 31 March 2024, none of the Directors or chief executive of the Company had or is deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

Share Option Scheme

The Company adopted a share option scheme (the "Share Option Scheme") pursuant to a resolution passed by the Shareholders on 4 March 2024 for a period of 10 years commencing on the Listing Date. As at 31 March 2024, the remaining life of the Share Option Scheme is approximately 10 years and no options had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme.

Purpose

The purpose of the Share Option Scheme is to incentivise and reward participants who have contributed or may contribute to the Group and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and the Shareholders as a whole.

Eligible participants

Those eligible to participate in the Share Option Scheme include:

(i) any director or employee of any member of the Group (including persons who are granted options(s) under the Share Option Scheme as an inducement to enter into employment contracts with any member of the Group) and, for the avoidance of doubt, excludes any former employee unless such person qualifies as a participant in some other capacity; and

(ii) any director or employee of the holding companies, fellow subsidiaries or associated companies of the Company,

who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

Maximum number of shares available for issue

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any options or awards granted under any other share schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 80,000,000 shares, being 10% in nominal amount of the aggregate of shares in issue on the Listing Date, and representing approximately 10% of the total number of the issued share capital of the Company as at the date of this annual report.

On the Listing Date and as of 31 March 2024, 80,000,000 options were available for grant under the Share Option Scheme.

Maximum entitlement of each participant

Where any further grant of options to a participant would result in the shares issued and to be issued in respect of all options and awards granted to such person under the Share Option Scheme and any other share scheme of the Company (excluding any options and awards lapsed in accordance with the terms of the Scheme) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by Shareholders in general meeting with such participant and his close associates (or associates if the participant is a connected person) abstaining from voting.

Grant of option and option period

The Board shall be entitled, on and subject to the terms of the Share Option Scheme and the Listing Rules, at any time within 10 years after the Listing Date to make an offer (subject to such conditions as the Board may think fit) to any participant as the Board may at its absolute discretion select to take up an option pursuant to which such participant may, during the option period (i.e. in respect of any option, the period (which shall not exceed 10 years from the date of grant) to be determined and notified by the Board to the grantee at the time of making an offer), subject to earlier termination in accordance with the provisions of the Share Option Scheme), subscribe for such number of shares as the Board may determine at the relevant subscription price.

Vesting period

Save for the circumstances prescribed in the paragraph below, every grantee must hold an option for at least 12 months before he can exercise such option.

A grantee may be subject to a vesting period shorter than 12 months as deemed appropriate at the discretion of the Board or (where the grantee is our director or a member of our senior management) the remuneration committee of the Company in any of the following circumstances:

(i) grants of "make-whole" options to new joiners to replace the share awards or options they forfeited when leaving the previous employer;

(ii) grants to a participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;

(iii) grants with performance-based vesting conditions in lieu of time-based vesting criteria. For example, this could be applicable where an employee or potential employee have exceptional skills or expertise and the performance target is to secure a specific particularly high value project or customer for the Group in less than 12 months;

(iv) grants with a mixed or accelerated vesting schedule such as where the options may vest evenly over a period of 12 or more months. This could be applicable where we have set quarterly or semi-annual performance targets and the options would be vested in batches upon satisfaction of each of those targets in a way that the options would be vested evenly over a period of 12 or more months instead of all being vested in one-go upon the expiry of a certain period; and

(v) grants with a total vesting and holding period of more than 12 months ("holding period" refers to the period during which the grantee is restricted from disposing of shares that are issued upon the exercise of vested options).

Acceptance

An offer shall be made to a participant by letter in such form as the Board may from time to time determine requiring the participant to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme and shall remain open for acceptance by the participant concerned for a period of 5 business days from the date of grant provided that no such offer shall be open for acceptance after the expiry of the option period or after the Share Option Scheme has been terminated in accordance with the terms hereof or after the participant for whom the offer is made has ceased to be a participant.

No offer shall be made to, nor shall any offer be capable of acceptance by, any participant at a time when the participant would or might be prohibited from dealing in the shares by the Listing Rules or by any other applicable rules, regulations, or law.

An offer is deemed to be accepted when we receive from the grantee the offer letter signed by the grantee specifying the number of shares in respect of which the offer is accepted and a remittance to the Company of HK$1.00 as consideration for the grant of option. To the extent that the offer is not accepted within 30 days from the date on which the letter containing the offer is delivered to that participant in the manner indicated in the paragraph above, it shall be deemed to have been irrevocably declined.

Subscription price

The subscription price shall be determined by the Board at its absolute discretion but in any event shall not be less than the higher of:

(i) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day;

(ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of grant; and

(iii) the nominal value of the shares on the date of grant.

EQUITY-LINKED AGREEMENTS

Apart from the Share Option Scheme, at no time during the Year was the Company, or any of its holding company, subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, the Company or any other body corporate. Other than the Share Option Scheme, no equity-linked agreements were entered into by the Company during the Year or subsisted at the end of the Year. Particulars of the Share Option Scheme are set out in the paragraphs above.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2024, so far as was known to the Directors and chief executive of the Company, the interests or short positions of substantial shareholders and other persons in the shares and underlying shares of the Company as recorded in the register at the Company required to be kept under Section 336 of the SFO were as follows:

Name of Substantial Shareholder	Capacity	Number of ordinary shares interested	Approximate percentage of the Company issued share capital (Note 11)
Ample Bonus	Beneficial owner (Note 1)	585,714,000	73.21%
FEC	Interest of controlled corporation (Note 2)	585,714,000	73.21%
Sumptuous Assets Limited	Interest of controlled corporation and beneficial owner (Note 3)	586,858,662	73.36%
Far East Organization (International) Limited	Interest of controlled corporation (Note 4)	586,858,662	73.36%
Tan Sri Dato' David CHIU	Interest of controlled corporations, beneficial owner and interest of spouse (Note 5)	585,714,000	73.21%
Mrs. Nancy CHIU NG	Beneficial owner and interest of spouse (Note 5)	586,858,662	73.36%
Dateplum Harvest Limited ("Dateplum")	Beneficial owner (Note 6)	71,429,000	8.93%
Blossom Industrial Investment Limited	Interest of controlled corporation (Note 7)	71,429,000	8.93%
Blossom Investment Consultant Limited	Interest of controlled corporation (Note 8)	71,429,000	8.93%
Blossom International Investment Holdings Limited	Interest of controlled corporation (Note 9)	71,429,000	8.93%
Yang Fang	Interest of controlled corporation (Note 10)	71,429,000	8.93%

Notes:

1. Ample Bonus is a company incorporated in the British Virgin Islands (the "BVI").

2. Ample Bonus is wholly-owned by FEC. Under the SFO, FEC is deemed to be interested in the Shares held through Ample Bonus.

3. Sumptuous Assets Limited is a company incorporated in the BVI. As at 31 March 2024, Sumptuous Assets Limited was interested in 52.40% of the total number of issued shares of FEC.

4. Sumptuous Assets Limited is wholly-owned by Far East Organization (International) Limited, which is a company incorporated in the BVI. Under the SFO, Far East Organization (International) Limited is deemed to be interested in the Shares in which Sumptuous Assets Limited is interested.

5. As at 31 March 2024, Tan Sri Dato' David CHIU, as a beneficial owner and through his controlled corporations and his spouse, Mrs. Nancy CHIU NG (the "David Chiu Group"), was interested in 1,524,673,310 shares of FEC, representing approximately 54.11% of the existing issued share capital of FEC.

6. Dateplum is a company incorporated in the BVI.

7. Dateplum is wholly-owned by Blossom Industrial Investment Limited, which is a company incorporated in the BVI. Under the SFO, Blossom Industrial Investment Limited is deemed to be interested in the Shares held through Dateplum.

8. Blossom Industrial Investment Limited is wholly-owned by Blossom Investment Consultant Limited, which is a company incorporated in the BVI. Under the SFO, Blossom Investment Consultant Limited is deemed to be interested in the Shares in which Blossom Industrial Investment Limited is interested.

9. Blossom Investment Consultant Limited is wholly-owned by Blossom International Investment Holdings Limited, which is a company incorporated in the BVI. Under the SFO, Blossom International Investment Holdings Limited is deemed to be interested in the Shares in which Blossom Investment Consultant Limited is interested.

10. Blossom International Investment Holdings Limited is wholly-owned by Yang Fang. Under the SFO, Yang Fang is deemed to be interested in the Shares in which Blossom International Investment Holdings Limited is interested.

11. The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 31 March 2024.

Save as disclosed above, as at 31 March 2024, no other persons were recorded in the register of the Company required to be kept under Section 336 of the SFO as having interests or short positions in the shares and underlying shares of the Company.

DONATIONS

During the Year, the Group made charitable and other donations amounting to approximately CZK1 million (equivalent to approximately HK$309,000).

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of total purchases and the aggregate revenue attributable to the Group's five largest customers was less than 30% of total turnover during the Year.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence. As at 31 March 2024, the number of employees of the Group was approximately 690.

The emoluments of the Directors are recommended/determined by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

RETIREMENT BENEFITS SCHEME

Details of contributions to the retirement benefits scheme of the Group are set out in note 32 to the consolidated financial statements.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 36 to 47.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float throughout the Year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Memorandum and Articles of Association of the Company and the Companies Act, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

AUDITOR

The Company's shares were listed on the Stock Exchange on 26 March 2024, and there has been no change in auditor since the Listing Date. The consolidated financial statements of the Group as of 31 March 2024 have been audited by Deloitte Touche Tohmatsu, who will retire and being eligible, offer themselves for re-appointment at the 2024 AGM.

A resolution will be submitted to the 2024 AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration for the year ended 31 March 2024. The Directors are also not aware of any material litigations or arbitrations or claims that are pending or threatened against the Group during the year ended 31 March 2024.

On behalf of the Board
Pavel MARŠÍK
Chief Executive Officer and executive Director

26 June 2024

Corporate Governance Report

The Board presents this Corporate Governance Report in the Company's annual report for the year ended 31 March 2024.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Company recognises the importance of maintaining good corporate governance practices. The Board sets policies and implements corporate governance practices appropriate to the conduct of the Group's business.

The Company has adopted the principles and code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "Corporate Governance Code" or the "CG Code") as the basis of the Company's corporate governance practices. As the Shares were listed on the Stock Exchange with effect from 26 March 2024 ("the Listing Date"), the Corporate Governance Code did not apply to the Company during the period before the Listing Date. The Company has complied with the principles and the applicable code provisions as set out in Part 2 of the Corporate Governance Code since the Listing Date and up to 31 March 2024.

The Company regularly reviews its compliance with the Corporate Governance Code and the Board believes that the Company was in compliance with the applicable code provisions of the Corporate Governance Code from the Listing Date to 31 March 2024. The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices.

A. THE BOARD

A.1 Responsibilities and Delegation

The Board is responsible for the management and control of the business and affairs of the Group, and oversees the Group's business strategic direction and performance, with the objectives of promoting the success of the Group and enhancing Shareholder value. Directors carry out their duties in good faith and in the interests of the Company and its Shareholders. They have access to relevant information as well as the advice and services of the Company Secretary and senior management. They are also able to seek independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The Board reserves for its decision on all major policy, strategy, financial and risk management and control matters. The day-to-day management, administration and operations of the Group are delegated to the Executive Committee and senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board or Executive Committee prior to any significant transactions entered into by the senior management team.

A.2 Board Composition

The Board comprised six Directors as at 31 March 2024, one is Executive Director, two are Non-executive Directors and three are independent non-executive Directors. The composition of the Board is set out in the "Corporate Information" section of this annual report. The respective profiles of the current Directors and the relationship among them are disclosed in the "Profile of Directors and Senior Management" section of this annual report.

The list of directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive Directors are expressly identified in all corporate communications of the Company.

From the Listing Date, the Company has met the Listing Rules requirements of having three independent non-executive Directors (representing at least one-third of the Board) with one of them possessing appropriate professional qualifications and accounting and related financial management expertise. In addition, the Company has received from each of the independent non-executive Directors an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of them are independent.

The composition of the Board reflects the necessary balance of skills and experience appropriate to the requirements of the business of the Group and to the exercising of independent judgement. All Directors bring a wide range of valuable business and financial expertise, experiences and professionalism to the Board for its effective functioning. Independent non-executive Directors are invited to serve on the Audit, Remuneration and Nomination Committees of the Company.

The Company has adopted the Board Independence Evaluation Mechanism (the "Mechanism") to ensure independent views and input are available to the Board, with the following key features: (i) the Nomination Committee is established with clear terms of reference to identify suitable candidates, including independent non-executive Directors, for appointment as Directors; (ii) the Nomination Committee will assess annually the independence of all independent non-executive Directors; and (iii) the Directors are entitled to seek, at the Company's expense, independent professional advice reasonably necessary for discharging their duties as Directors. The Board has reviewed the implementation and effectiveness of the Mechanism and considered it to be effective for the year ended 31 March 2024.

A.3 Chairman and Chief Executive Officer

The roles of the chairperson ("Chairperson") and the chief executive officer (the "Chief Executive Officer") of the Company are held separately as required by code provision C.2.1 of the CG Code.

The Chairperson of Tan Sri Dato' David CHIU and the Chief Executive Officer of Mr. Pavel MARŠÍK have separate defined responsibilities. The Chairperson is responsible in forming the Company's overall strategies but is not involved in the day-to-day business operation of the Company. The Chief Executive Officer is authorized by the Board to directly handle, with the support of the senior management, the Company's daily operations and management. Their respective roles and responsibilities are set out in writing, which have been approved and adopted by the Board.

A.4 Appointment, Re-Election and Removal of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles.

Each Director, including the independent non-executive Directors, is engaged for a term of 3 years, subject to renewal expiry of the term. They are also subject to re-election in accordance with the Articles.

In accordance with clause 84(1) of the Articles, Mr. Pavel MARŠÍK and Mr. Cheong Thard HOONG shall retire by rotation at the 2024 AGM. All of the above retiring Directors, being eligible, will offer themselves for re-election at the 2024 AGM.

The Board recommended the re-appointment of the above two retiring Directors standing for re-election at the 2024 AGM. The Company's circular, sent together with this annual report, contains detailed information of the above two retiring Directors, as required by the Listing Rules.

A.5 Training and Continuing Development for Directors

Each newly appointed Director receives comprehensive introduction on the first occasion of his/her appointment so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The existing Directors, namely Mr. Pavel MARŠÍK, Tan Sri Dato' David CHIU, Mr. Cheong Thard HOONG, Dr. Ngai Wing LIU, Mr. Kam Choi Rox LAM and Ms. Sin Kiu NG, are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development for Directors are arranged whenever necessary. In addition, reading material on new or changes to salient laws and regulations applicable to the Group are provided to Directors from time to time for their study and reference.

A.6 Board Meetings

A.6.1 Board Practices and Conduct of Meetings

Schedules for regular Board meetings are normally agreed with the Directors in advance in order to facilitate them to attend. In addition to the above, notice of at least 14 days is given for each regular Board meeting. For other Board meetings, reasonable notice is generally given.

Draft agenda of each Board meeting is usually sent to all Directors together with the notice in order to give them an opportunity to include any other matters in the agenda for discussion at the meeting. Board papers together with appropriate information are usually sent to the Directors at least 3 days before each Board meeting to keep the Directors apprised of the latest developments and financial position of the Group and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The Chief Financial Officer and Company Secretary and other relevant senior management normally attend regular Board meetings and, where necessary, other Board meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group.

The Company Secretary is responsible to keep minutes of all Board meetings. Draft minutes are normally circulated to Directors for comments within a reasonable time after each meeting and the final version is open for Directors' inspection.

According to the current Board practice, any material transaction, which involves a conflict of interest for a substantial Shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting. The Articles contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

A.6.2 Directors' Attendance Records

The attendance records of each Director at the Board and Board committee meetings and the general meetings of the Company held during the period from the Listing Date and up to 31 March 2024 are set out below:

	Attendance/Number of Meetings				
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**General Meeting**
Executive Director					
Pavel MARŠÍK	N/A	N/A	N/A	N/A	N/A
Non-executive Directors					
Tan Sri Dato' David CHIU	N/A	N/A	N/A	N/A	N/A
Cheong Thard HOONG	N/A	N/A	N/A	N/A	N/A
Independent non-executive Directors					
Ngai Wing LIU	N/A	N/A	N/A	N/A	N/A
Kam Choi Rox LAM	N/A	N/A	N/A	N/A	N/A
Sin Kiu NG	N/A	N/A	N/A	N/A	N/A

Note: The Company was listed on 26 March 2024, and no meetings of the Board and Board committees or general meetings were held during the period from the Listing Date and up to 31 March 2024.

A.7 Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all the Directors and all Directors have confirmed that they have complied with the Model Code since the Listing Date up to the date of this report.

The Company has also applied the principles of the Model Code for securities transactions by employees who are likely to be in possession of inside information of the Company and/or its securities. No incident of non-compliance of the principles of the Model Code by the Group's employees has been noted by the Company.

The Company has been notifying Directors and relevant employees, if any, of the prohibitions on dealings in the securities of the Company according to the Model Code, whenever black-out periods arise. In addition, the Company requires Directors and relevant employees to copy their notifications of intended dealings to the Company Secretary as well as one designated Director for receiving such notifications.

A.8 Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in the Code Provision A.2.1 of the CG Code. During the Year under review, the Board has performed such corporate governance functions as follows: (i) reviewed and developed the Company's corporate governance policies and practices in response to the implementation of the CG Code; (ii) reviewed and monitored the training and continuous professional development of Directors and senior management; (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements; (iv) reviewed and monitored the compliance of the Model Code; and (v) reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

B. BOARD COMMITTEES

The Board has established 4 Board committees, namely the Executive Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference among which the terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are of no less exacting terms than those set out in the CG Code and are available on the Stock Exchange's website *(www.hkexnews.hk)* and on the Company's website *(www.palasinoholdings.com)*. All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of the Board Committees follow in line with, so far as applicable, those of the Board meetings set out above.

All Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expenses.

B.1 Executive Committee

The Executive Committee comprises a total of 2 members, namely Pavel MARŠÍK (Chairman) and Kwok Tai LAW. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision. It monitors the execution of the Company's strategic plans and operations of all business units of the Company; and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

Given the Company only listed on 26 March 2024, there is no meeting for the Executive Committee during the year ended 31 March 2024.

B.2 Audit Committee

The Audit Committee comprised a total of 3 members as at 31 March 2024, being the 3 independent non-executive Directors, namely Ngai Wing LIU, Kam Choi Rox LAM and Sin Kiu NG. The chairman of the Audit Committee is Ngai Wing Liu who possesses the appropriate professional qualifications and accounting and related financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The primary duties of the Audit Committee include monitoring the Group's financial reporting system, reviewing financial statements, risk management and internal control procedures. It also acts as an important link between the Board and the Company's auditor in matters within the terms of reference of the Audit Committee.

Given the Company only listed on 26 March 2024, there is no meeting for the Audit Committee during the year ended 31 March 2024.

The external auditor will be invited to attend the meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters. Besides, there is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

B.3 Remuneration Committee

The Remuneration Committee comprised a total of 3 members as at 31 March 2024, being Ngai Wing LIU, Cheong Thard HOONG and Kam Choi Rox LAM. The chairman of the Remuneration Committee is Ngai Wing LIU. Accordingly, the majority of the members are independent non-executive Directors.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Group's policy and structure for the overall remuneration of the Directors and the senior management, and to determine, with delegated responsibility, the remuneration packages of individual Executive Directors and senior management (i.e. the model described in the Code Provision E.1.2(c)(i) is adopted). The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Group as well as market practice and conditions.

Pursuant to code provision E.1.5 of the CG Code, the annual remuneration of 4 individuals of the senior management for the year ended 31 March 2024 falls within the band from HK$1,000,000 to HK$2,000,000.

Details of the remuneration of each of the Directors for the year ended 31 March 2024 are set out in note 11 to the consolidated financial statements.

Given the Company only listed on 26 March 2024, there is no meeting for the Remuneration Committee during the year ended 31 March 2024.

B.4 Nomination Committee

The Nomination Committee comprised a total of 4 members as at 31 March 2024, being 1 non-executive Director, namely Tan Sri Dato' David CHIU, and 3 independent non-executive Directors, namely Ngai Wing LIU, Kam Choi Rox LAM and Sin Kiu NG. The chairman of the Nomination Committee is Tan Sri Dato' David CHIU. Accordingly, the majority of the members are independent non-executive Directors.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis and to make relevant recommendations to the Board; to consider the retirement and re-election of the Directors and to make relevant recommendations to the Board; and to assess the independence of the independent non-executive Directors.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, the diversity on the Board, the integrity, experience, skills, professional knowledge of the candidate and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.

Given the Company only listed on 26 March 2024, there is no meeting for the Nomination Committee during the year ended 31 March 2024.

The Company also recognises and embraces the benefit of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining the Company's competitive advantage, to enhance the quality of its performance and hence the purpose of the Board diversity. To comply with the CG Code, a Board Diversity Policy has been adopted by the Company, pursuant to which the Nomination Committee is responsible for monitoring the implementation of the Board Diversity Policy and assessing the Board composition under diversified perspective (including but not limited to gender, age, cultural and educational background, or professional qualifications, skills, knowledge, and regional and industry experience). The Nomination Committee shall report its findings and make recommendation to the Board, if any. Such policy and objectives will be reviewed annually to ensure their appropriateness in determining the optimum composition of the Board.

The Company has also established a Director Nomination Policy setting out the approach and procedures adopted for the nomination and selection of Directors. The policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following: character and integrity; qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy; diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; requirements of independent non-executive directors on the Board and independence of the proposed Independent non-executive Directors in accordance with the Listing Rules; and commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

As at 31 March 2024, one of our Directors is female. As at 31 March 2024, the Group had a total of 350 female staff, representing approximately 51% of the employees of the Group. The Group will continue to take opportunities to increase the proportion of female Board members and workforce over time as and when suitable candidates are identified. For further details on the gender ratio of the Group, please refer to the independent "Environmental, Social and Governance Report", which is available on the websites of the Stock Exchange and the Company. The Board and the Nomination Committee have reviewed the implementation and effectiveness of the Board Diversity Policy and considered it to be effective for the year ended 31 March 2024.

The Board considers that the above current gender diversity is satisfactory. The Board will continue to embrace gender diversity when making future board appointments but no specific targets or timelines to further enhance gender diversity have been set as the Board is of the view that all aspects of diversity should be considered as a whole in the selection of candidates for directorship.

The same approach to gender diversity at the Board level also applies to the Group's workforce. As of 31 March 2024, the Group's male to female employees proportion was approximately 49:51. The Group recognises the value of gender diversity to promote a diverse and inclusive working environment and welcomes increased female representation at all levels. However, the Group currently does not consider it appropriate to set any specific gender target for its workforce. As an equal opportunity employer, the Group also takes into account other relevant factors in its hiring decisions, and given it already maintains a close to 51% female representation in a traditionally male-dominated industry, considers that the gender ratio of the workforce of the Group is appropriate for its current business model and operational needs.

C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2024.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

D. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board, through its Audit Committee, has the responsibility to ensure that the Group maintains an effective risk management and internal control systems. The Board oversees the Group's design, implementation and monitoring of the risk management and internal control systems and acknowledges that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group's risk management framework is the responsibility of the Board and is overseen by the Audit Committee. The framework comprises the following elements:

The main features of the risk management and internal control systems are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage and lower its risks across all business operations.

The Group has established a risk management framework, which consists of the Board of Directors and the Audit Committee. The Board of Directors determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, ensures that the Group establishes and maintains appropriate and effective risk management and internal control systems and has the responsibility for overseeing the management in the design, implementation and monitoring of the risk management and internal control systems.

The Group has formulated and adopted the Risk Management Policy in providing direction in identifying, evaluating and managing significant risks. At least on an annual basis, the management identifies risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritizes the identified risks according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks considered to be significant.

In addition, the Group has established an internal audit function to assist the Board of Directors and the Audit Committee in ongoing monitoring, analysis and independent appraisal of the adequacy and effectiveness of the risk management and internal control systems of the Group. Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board of Directors on a timely basis to ensure prompt remediation actions are taken.

Risk management report and internal control report are submitted to the Audit Committee and the Board of Directors at least once a year. The Board of Directors had performed annual review on the effectiveness of the Group's risk management and internal control systems, including but not limited to the following:

- The Group's ability to cope with its business transformation and changing external environment;
- The scope and quality of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems;
- The work of internal audit function;
- The extent and frequency of communication to the Board of Directors and/or its committees which enables it to assess the internal controls of the Group and effectiveness of risk management;
- Significant control failures or weaknesses that have been identified during the Reporting Period (including the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Group's financial performance or condition);
- The effectiveness of the Group's processes for financial reporting and compliance with the Listing Rules.

In addition, the Board's annual review includes the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting functions, as well as those relating to the Group's ESG performance and reporting.

The Board of Directors considers the Group's risk management and internal control systems are effective and adequate. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Whistleblowing Policy

The Board adopted a whistleblowing policy (the "Whistleblowing Policy") which provides channels and guidance to facilitate the raising of matters of concern by employees (the "Employee") and those who deal with the Group's core operations (i.e. hotels and casinos), in confidence, without fear of reprisals. No incident of fraud or misconduct that have material effect on the Group's financial statements or overall operations for the year ended 31 March 2024 has been discovered. The Whistleblowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness.

Anti-corruption Policy

The Board adopted an anti-corruption policy for the Group's core operations which sets out the guidelines and responsibilities of the Employees, the Third Parties or fiduciary capacity on behalf of the Group. The Group is committed to maintaining a high standard of integrity, openness and discipline in its business operations which outlined the Group's expectations and requirement of business ethics, as well as the investigation and reporting mechanism of suspected corruption practices.

Procedures and internal controls for the handling and dissemination of inside information

The Group complies with requirements of Securities & Futures Ordinance ("SFO") and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the Safe Harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

E. COMPANY SECRETARY

During the year ended 31 March 2024, Mr. Kwok Tai LAW, the Company Secretary, has taken no less than 15 hours of relevant professional training.

F. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company, Deloitte Touche Tohmatsu, about its reporting responsibilities for the Company's financial statements for the year ended 31 March 2024 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to Deloitte Touche Tohmatsu in respect of audit services and non-audit services for the year ended 31 March 2024 are analysed below:

	Fees paid/payable HK$'000
Audit of the Group for the year ended 31 March 2024	2,400
Total fees for the audit of the financial statements for the year ended 31 March 2024	**2,400**
Reporting accountant for the IPO	7,480
Total audit fee as reporting accountant for the IPO	**7,480**
Non-audit services for the IPO	1,388
Non-audit services for Enterprise Risk Management Advisory Service	48
Total fee for other non-audit services	**1,436**
Total fees	**11,316**

G. COMMUNICATION WITH SHAREHOLDERS

The Company believes that effective communication with the Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognises the importance of transparency and timely disclosure of its corporate information, which enables the Shareholders and investors to make the best investment decision.

The Company has in place a Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed. Extensive information on the Group's activities, business strategies and developments is provided in the Company's annual reports, interim reports and other corporate communications. In addition, the Company maintains a website at *(www.palasinoholdings.com)*, as a communication platform with the Shareholders and investors, where information and updates on the Company's business developments and operations and other information are available for public access. The Shareholders and investors may send written enquiries or requests to the Company as follows:

Email address: ir@palasinogroup.eu or
Postal address: 16/F., Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong
(For the attention of Investor Relations Executive)

Enquiries and requests will be dealt with by the Company in an informative and timely manner.

In addition, the Shareholders are encouraged to attend general meetings of the Company, which provide a valuable forum for dialogue and interaction with the management. The Board and Board Committee members and appropriate senior staff of the Group are available at the meeting to answer any questions raised by the Shareholders.

During the year ended 31 March 2024, the Company has reviewed the Shareholders' Communication Policy and considered that the policy was effectively implemented with the measures as disclosed in this section and under the section headed "Shareholders' Rights" below.

H. SHAREHOLDERS' RIGHTS

To safeguard the Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the election of individual Directors, for Shareholders' consideration and voting. Besides, the Shareholders may convene an extraordinary general meeting or put forward proposals at Shareholders' meetings pursuant to the Articles as follows:

(i) Shareholder(s) holding at the date of deposit of the requisition in aggregate not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company may request the Board to convene an extraordinary general meeting by sending a written requisition to the Board at the Company's principal place of business in Hong Kong. The objects of the meeting must be stated in the written requisition.

(ii) If a Shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the Shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the Shareholder, of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected. These notices should be lodged at the Company's registered office or principal place of business in Hong Kong. The period for lodgement of such notices shall commence on the day after the dispatch of the notice of such general meeting and end no later than 7 days prior to the date of such general meeting.

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement (as the case may be) to the Company's principal place of business in Hong Kong and provide their full name, contact details and identification in order to give effect thereto. The Shareholders' information may be disclosed as required by law.

All resolutions put forward at Shareholders' meetings will be voted by way of poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Stock Exchange *(www.hkexnews.hk)* and the Company *(www.palasinoholdings.com)* after each Shareholders' meeting.

During the period from the Listing Date and up to the date of this annual report, there has been no change to the Articles of Association of the Company.

I. DIVIDEND POLICY

For the year ended 31 March 2024, 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 former holding company of the Company and the fellow subsidiary of the 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.

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 do not have any specific dividend policy nor any pre-determined dividend payout ratio. Any final dividend for a financial year will be subject to Shareholders' approval.

J. CORPORATE CULTURE

The Group is a gaming and hotel group involving a vast number of manual labourers to provide quality services up to our service protocol. The Group's strategy is to locate the casinos close to borders and major cities.

The Company promotes healthy and responsible gaming culture. The gaming staff of the Group follows the employment policies, which strictly prohibit gaming staff from taking part in gaming activities on the premises of the Group. Additionally, the Company has put a strong emphasis on responsible gaming education through providing training to all the gaming staff on commencement of work. Gaming staff are also required to undertake refresher training periodically. Through the implementation of the above, the Company has created a strong responsible gaming culture within the team.

The Board considers that the corporate culture and the purpose, values and strategy of the Group are aligned.

K. CONSTITUTIONAL DOCUMENTS

The amended and restated articles of association was adopted pursuant to a special resolution passed on 4 March 2024 with effect from the Listing Date, which is available on the websites of the Company and the Stock Exchange. Save for the aforementioned changes, during the year ended 31 March 2024, there has been no change in the articles of association of the Company.

Independent Auditor's Report

Deloitte. 德勤

To the Members of Palasino Holdings Limited
(incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Palasino Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 53 to 115, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

KEY AUDIT MATTER (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of property and equipment and right-of-use assets related to operations in Austria We have identified the impairment assessment of property and equipment and right-of-use assets related to operations in Austria, (collectively "the Properties in Austria"), being a single cash-generating unit, as a key audit matter due to the significant management judgement and estimation involved to determine the recoverable amount of the Properties in Austria. As at 31 March 2024, the Properties in Austria comprise of property and equipment and right-of-use assets related to operations in Austria with carrying amounts of approximately HK$18,489,000 and HK$21,101,000, respectively, as set out in Note 4 to the consolidated financial statements. The management of the Group considered there was an indication for impairment for the Properties in Austria and prepared discounted cash flow projections for operations in Austria based on the financial budget approved by the directors of the Company and engaged an independent professional valuer (the "Valuer") to conduct impairment assessment on the Properties in Austria as at 31 March 2024. The recoverable amount of the Properties in Austria is estimated based on value in use with key assumptions adopted by the management of the Group including pre-tax discount rate and expected changes in revenue in the discounted cash flow projections. The management of the Group concluded that the carrying amount of the Properties in Austria does not exceed their recoverable amount based on value in use. Accordingly, no impairment loss was recognised during the year ended 31 March 2024.	Our procedures in relation to the impairment assessment of the Properties in Austria included: • Understanding the impairment assessment process of the Group, including the involvement of the Valuer engaged by the management of the Group to estimate the recoverable amount based on the value in use of the Properties in Austria; • Evaluating the competence, capabilities and objectivity of the Valuer and obtaining an understanding of the Valuer's scope of work and their terms of engagement; • Involving internal valuation experts to review the valuations performed by the Valuer in respect of methodologies, assumptions and data underpinning the value in use; • Assessing the reasonableness of the key assumptions adopted by the management of the Group, namely the expected changes in revenue, in determining the recoverable amount based on the value in use of the Properties in Austria by comparing the management's expectations for the market development to relevant industry growth forecasts; • Assessing the reasonableness of the pre-tax discount rate applied by the management of the Group in the discounted cash flow projections by comparing it to our independent estimation for the discount rate based on market data and certain entity specific input data with the assistance of internal valuation experts; and • Assessing sensitivity analysis prepared by the management of the Group to determine the extent of change in the key assumption adopted in the discounted cash flow projections, namely the pre-tax discount rate and expected changes in revenue, collectively, to assess the potential impact on the value in use.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matter communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Chan Ka Sing.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 June 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024

	NOTES	2024 HK$'000	2023 HK$'000
Gaming revenue		402,403	390,403
Hotel, catering, leasing and related services revenue		161,938	138,618
Gaming, hotel, catering, leasing and related services revenues	6	564,341	529,021
Gaming tax		(141,562)	(133,097)
Other income	7(a)	2,988	5,172
Other gains and losses	7(b)	11,324	(12,192)
Inventories consumed		(31,311)	(25,076)
Depreciation and amortisation		(24,513)	(23,180)
Employee benefits expenses		(198,009)	(170,182)
Other operating expenses		(119,506)	(105,274)
Listing expenses		(23,537)	–
Real estate transfer tax on reorganisation	10	(7,927)	–
Finance costs	8	(4,121)	(3,576)
Profit before taxation	10	28,167	61,616
Income tax expense	9	(18,675)	(17,462)
Profit for the year		9,492	44,154
Other comprehensive (expense) income			
Item that will not be reclassified to profit or loss:			
Exchange difference arising from translation of functional currency to presentation currency		(19,313)	(9,275)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(4,691)	4,638
Total comprehensive (expense) income for the year		(14,512)	39,517
Profit for the year attributable to:			
Owners of the Company		8,542	44,154
Non-controlling interests		950	–
		9,492	44,154
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		(13,069)	39,517
Non-controlling interests		(1,443)	–
		(14,512)	39,517
Earnings per share	12		
Basic (HK cents)		1.19	6.18
Diluted (HK cents)		1.19	N/A

Consolidated Statement of Financial Position

As at 31 March 2024

	NOTES	2024 HK$'000	2023 HK$'000
Non-current assets			
Investment properties	14	14,597	–
Property and equipment	15	347,137	365,500
Deposits for acquisition of equipment	21	2,965	2,696
Deposits for gaming licence	21	9,900	10,800
Intangible assets	16	2,855	4,046
Right-of-use assets	17	29,619	25,853
Loan to a related party	22(b)	–	39,165
Pledged bank deposits	23	4,256	4,059
		411,329	452,119
Current assets			
Inventories	18	2,052	2,277
Financial assets at fair value through profit or loss	19	–	21,089
Trade receivables	20	10,188	7,058
Other receivables, deposits and prepayments	21	10,012	13,175
Amount due from a fellow subsidiary	22(a)	–	35,013
Amount due from an intermediate holding company	22(c)	–	–*
Cash and cash equivalents	23	305,122	86,084
		327,374	164,696
Current liabilities			
Trade payables	24	6,125	6,294
Other payables	25	88,734	66,646
Income tax payable		4,614	9,255
Contract liabilities	26	2,159	1,955
Lease liabilities	27	1,558	1,446
Bank and other borrowings	28	8,862	31,191
		112,052	116,787
Net current assets		215,322	47,909
Total assets less current liabilities		626,651	500,028

* The balance represents amount less than HK$1,000.

Consolidated Statement of Financial Position

As at 31 March 2024

	NOTES	2024 HK$'000	2023 HK$'000
Non-current liabilities			
Bank and other borrowings	28	**52,674**	38,998
Lease liabilities	27	**63,353**	63,420
Other payables	25	**1,843**	4,038
Deferred tax liabilities	29	**5,927**	5,810
		123,797	112,266
Net assets		**502,854**	387,762
Capital and reserves			
Share capital	30	**8,000**	37,000
Reserves		**494,854**	311,986
Equity attributable to owners of the Company		**502,854**	348,986
Non-controlling interests		**–**	38,776
		502,854	387,762

The consolidated financial statements on pages 53 to 115 were approved by the Board of Directors on 26 June 2024 and are signed on its behalf by:

DAVID CHIU
Director

PAVEL MARŠÍK
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Foreign exchange reserve HK$'000	Merger reserve HK$'000	Capital reserve HK$'000	Other reserve HK$'000 (note 1)	Retained profits HK$'000	Subtotal HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2022	37,000	–	(52,933)	–	–	(77,981)	442,159	348,245	–	348,245
Profit for the year	–	–	–	–	–	–	44,154	44,154	–	44,154
Exchange difference arising from translation of functional currency to presentation currency	–	–	(9,275)	–	–	–	–	(9,275)	–	(9,275)
Exchange differences arising on translation of foreign operations	–	–	4,638	–	–	–	–	4,638	–	4,638
Total comprehensive (expense) income for the year	–	–	(4,637)	–	–	–	44,154	39,517	–	39,517
Group reorganisation (note 2)	–	–	–	(38,776)	–	–	–	(38,776)	38,776	–
At 31 March 2023	37,000	–	(57,570)	(38,776)	–	(77,981)	486,313	348,986	38,776	387,762
Profit for the year	–	–	–	–	–	–	8,542	8,542	950	9,492
Exchange difference arising from translation of functional currency to presentation currency	–	–	(17,383)	–	–	–	–	(17,383)	(1,930)	(19,313)
Exchange differences arising on translation of foreign operations	–	–	(4,228)	–	–	–	–	(4,228)	(463)	(4,691)
Total comprehensive (expense) income for the year	–	–	(21,611)	–	–	–	8,542	(13,069)	(1,443)	(14,512)
Dividends recognised as distribution (Note 13)	–	–	–	–	–	–	(84,207)	(84,207)	(9,356)	(93,563)
Group reorganisation (note 2)	(37,000)	–	–	27,977	37,000	–	–	27,977	(27,977)	–
Issue of shares under the initial public offerings (the "IPO") (Note 30(c))	857	221,999	–	–	–	–	–	222,856	–	222,856
Transaction costs attributable to the IPO	–	(9,100)	–	–	–	–	–	(9,100)	–	(9,100)
Share capitalisation (Note 30(b))	7,143	(7,143)	–	–	–	–	–	–	–	–
Deemed contribution from shareholder (note 3)	–	–	–	–	9,411	–	–	9,411	–	9,411
At 31 March 2024	8,000	205,756	(79,181)	(10,799)	46,411	(77,981)	410,648	502,854	–	502,854

Notes:

1. The balance represents the deemed distribution for net liabilities assumed from the holding companies arising from the amalgamation of which the then holding companies of Palasino Group, a.s. (formerly known as Trans World Hotels & Entertainment, a.s.) ("Palasino Group"), the wholly owned subsidiary merged with Palasino Group and they ceased to exist as separate entities on 1 April 2020.

2. On 20 March 2023, 10% equity interest of Turbo Century Limited ("Turbo"), a company indirectly owned by Far East Consortium International Limited ("FEC"), an ultimate holding company and indirectly owned 100% equity interest of Palasino Group, was acquired by Dateplum Harvest Limited ("Dateplum"), an independent third party. Dateplum is accounted as the non-controlling interests of the Company and accordingly, 10% of net assets of the Group is attributable to non-controlling interests since 10 March 2023. On 1 March 2024, Dateplum become the shareholder of the Company, holding 10% equity interest of the Company through swapping the equity interest of Turbo and therefore Palasino Group is wholly owned by the Company through Palasino (Cayman) Limited ("Cayman Holdco") since 1 March 2024.

3. The amount represents the portion of listing expenses and issue costs in excess of those relating to sales of shares by FEC, which is treated as deemed contribution.

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	2024 HK$'000	2023 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	28,167	61,616
Adjustments for:		
Finance costs	4,121	3,576
Interest income	(2,772)	(2,957)
Amortisation of intangible assets	1,738	–
Acquisition cost for bidding casino licence in Poland (Note 37(b))	130	–
Depreciation of property and equipment	21,600	22,181
Depreciation of right-of-use assets	1,175	999
Fair value change on financial assets at fair value through profit or loss	(1,108)	3,107
Impairment losses reversed under expected credit loss model	(30)	(331)
Net gain on disposal of property and equipment	(506)	(107)
Net unrealised foreign exchange (gain) loss	(9,201)	10,035
Operating cashflows before movements in working capital	43,314	98,119
Increase in trade receivables	(3,565)	(1,863)
Decrease in other receivables, deposits and prepayments	2,112	4,207
Decrease (increase) in inventories	35	(472)
Increase (decrease) in trade payables	356	(730)
Increase in other payables	24,712	8,152
Increase in contract liabilities	367	313
Cash generated from operations	67,331	107,726
Income taxes paid	(21,916)	(16,258)
NET CASH FROM OPERATING ACTIVITIES	45,415	91,468

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	2024 HK$'000	2023 HK$'000
INVESTING ACTIVITIES		
Interest received from banks	131	661
Interest received from related parties	2,641	2,296
Placement of deposits for acquisition of equipment	(2,965)	(2,696)
Purchase of property and equipment	(22,168)	(24,303)
Purchase of intangible assets	(677)	(3,176)
Advance to a related party	(17,327)	(39,165)
Repayment from a fellow subsidiary	12,911	–
Proceed of disposals of property and equipment	506	4,374
Net cash outflow on acquisition of subsidiaries (Note 37)	(14,545)	–
Advance to a fellow subsidiary	–	(35,013)
Purchase of financial assets at fair value through profit or loss	(24,284)	(60,912)
Withdrawal of financial assets at fair value through profit or loss	46,481	76,464
Placement of pledged bank deposits	(197)	–
NET CASH USED IN INVESTING ACTIVITIES	(19,493)	(81,470)
FINANCING ACTIVITIES		
Proceeds from the IPO	222,856	–
Repayments of lease liabilities	(1,205)	(1,033)
Repayments of bank and other borrowings	(8,023)	(11,221)
Settlement of consideration payable	(2,068)	(2,246)
Interest paid	(4,121)	(3,576)
Dividends paid	(14,034)	–
Capital contribution from the ultimate holding company	9,411	–
Share issue costs paid	(6,312)	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	196,504	(18,076)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	222,426	(8,078)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	86,084	94,537
EFFECT OF FOREIGN RATE CHANGES	(3,388)	(375)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	305,122	86,084

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

1. GENERAL, GROUP REORGANISATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Palasino Holdings Limited (the "Company") is a public limited company incorporated in Cayman Islands on 6 July 2023 and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 26 March 2024. The ultimate controlling shareholder of the Company is Tan Sri Dato' David CHIU, who controls the Company through the investment holding company incorporated in the Cayman Islands, namely FEC, which shares are listed on the Stock Exchange. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is located at 16/F, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong.

The Company acts as an investment holding company and the operating subsidiaries, as disclosed in Note 36, are principally engaged in the hospitality and gaming business in Germany, Austria and the Czech Republic (the "Business").

The Company's functional currency is Czech Koruna ("CZK"). The consolidated financial statements are presented in Hong Kong dollars ("HK$") as the directors of the Company consider that the Hong Kong dollar is the most appropriate presentation currency in view of the place of listing.

Prior to incorporation of the Company and the completion of the reorganisation as described below (the "Reorganisation"), the Business was mainly carried out by Palasino Group, a limited liability company incorporated in the Czech Republic and its subsidiaries.

In preparation of the listing of the Company's shares on the Stock Exchange, the companies comprising the Group underwent Reorganisation to incorporate the Company as the holding Company of the companies which now comprise the Group to conduct the Business as described below.

(a) On 6 July 2023, the Company was incorporated under the laws of the Cayman Islands as an exempted company with limited liability. Upon incorporation, one share was allotted and issued to the initial subscriber, who transferred the one share to Ample Bonus Limited ("Ample"), a company directly wholly-owned by FEC. Upon completion of such allotment, the Company was wholly-owned by Ample.

(b) On 25 July 2023, Palasino (BVI) Limited ("Palasino BVI") was incorporated in the British Virgin Islands (the "BVI") with limited liability and one share was allotted and issued as fully paid to the Company on 27 July 2023.

(c) On 18 December 2023, Cayman Holdco was incorporated in the Cayman Islands with limited liability and one share was allotted and issued as fully paid to the initial subscriber, who transferred the one share to the Company on the same date.

(d) On 22 January 2024, the entire equity interest of Trans World Hotels Germany GmbH ("TWG") was transferred to the Company by Palasino Group in consideration of EURO ("EUR") 11,869,000 (equivalent to approximately HK$101,480,000).

1. GENERAL, GROUP REORGANISATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

(e) On 2 February 2024, FEC Overseas Investment (UK) Limited ("FEC UK") and Cayman Holdco entered into a share contribution agreement whereby FEC UK contributes 100% of the equity interest in Palasino Group for 99 newly issued shares in Cayman Holdco, representing 99% of Cayman Holdco's issued shares upon completion of the allotment and issuance of shares (the "Share Contribution"). Upon completion of the Share Contribution, Palasino Group was wholly-owned by Cayman Holdco.

(f) On 21 February 2024, the 99% shareholding interest in Cayman Holdco held by FEC UK was transferred to Ample by FEC UK in consideration of approximately United States dollars ("USD") 42,000,000 (equivalent to approximately HK$327,600,000). Upon completion of the share transfer, Cayman Holdco was owned as to 99% by Ample and 1% by the Company.

(g) On 21 February 2024, the 10% shareholding interest in Cayman Holdco held by Ample was transferred to Dateplum, an independent party not connected to FEC, by Ample in consideration of Dateplum transferring the 10% shareholding interest in Turbo held by Dateplum to Ample. Upon completion of the share transfers, Cayman Holdco was owned as to 89% by Ample, 1% by the Company and 10% by Dateplum.

(h) On 1 March 2024, the 89% shareholding interest in Cayman Holdco held by Ample was transferred to the Company by Ample, in consideration of the Company issuing 89 Shares to Ample, representing 89% of the Company's total share capital upon completion of the allotment and issuance of shares. On the same day, the 10% shareholding interest in Cayman Holdco held by Dateplum was transferred to the Company by Dateplum, in consideration of the Company issuing 10 Shares to Dateplum, representing 10% of the Company's total share capital upon completion of the allotment and issuance of shares. After such issuances, the Company was owned as to 90% by Ample and 10% by Dateplum.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 31 March 2023 and 2024 have been prepared to present the financial performance, changes in equity and cash flows of the companies now comprising the Group, as if the group structure upon the completion of the Reorganisation (except for the non-controlling interests held by Dateplum) had been in existence throughout the years ended 31 March 2023 and 2024 or since the respective dates of incorporation, which is a shorter period.

The consolidated financial statement of financial position as at 31 March 2023 has been prepared to present the carrying amounts of the assets and liabilities of the companies now comprising the Group as if the group structure upon the completion of the Reorganisation (expect for the non-controlling interests held by Dateplum, had been in existence at 31 March 2023 taking into account the respective dates of incorporation, where applicable.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, including those new and amendments to HKFRSs that are mandatorily effective for the Group's annual period beginning on 1 April 2023, consistently throughout the years ended 31 March 2023 and 2024.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for the Group's annual periods beginning on or after a date to be determined.
2 Effective for the Group's annual periods beginning on or after 1 April 2024.
3 Effective for the Group's annual periods beginning on or after 1 April 2025.

The directors of the Company anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information

Basis of consolidation

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Revenue from contracts with customers

The Group's revenue contracts with customers consist of gaming, hotel rooms, food and beverage and other transactions.

Gaming revenue is the aggregate net difference between gaming wins and losses. The Group accounts for gaming revenue on a portfolio basis given the similar characteristics of wagers by recognising net win per gaming day.

The transaction price of hotel rooms, food and beverage, and other transactions is the net amount collected from the customer for such goods and services. The transaction price for such transactions is recorded as revenue when the good or service is transferred or rendered to the customer during their stay at the hotel or when the delivery is made for the food and beverage and other services.

Casino customers accumulate loyalty points from slot machine gaming and table gaming that entitle them to utilise the loyalty points as cashable credit on any slot machine and table gaming or use to purchase non-gaming products by utilising the loyalty points earned under the customer loyalty programme. The promise to provide the utilising loyalty point to the customers is therefore a separate performance obligation. The transaction price is allocated between the gaming revenue and the loyalty points on a relative standalone selling price basis. The stand-alone selling price per loyalty point is estimated based on the monetary value to be given when the loyalty points are redeemed by the customers and the likelihood of redemption, as evidenced by the Group's historical experience. A contract liability is recognised for revenue relating to the loyalty points at the time of the customer awarded. Revenue from the loyalty points is recognised when the loyalty points are redeemed by the customer.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Foreign currencies

In preparing the financial statements of the each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign exchange reserve (attributed to non-controlling interests as appropriate).

Exchange differences relating to the retranslation of the Group's net assets in CZK to the Group's presentation currency (i.e. HK$) are recognised directly in other comprehensive income and accumulated in foreign exchange reserve. Such exchange differences accumulated in the foreign exchange reserve are not reclassified to profit or loss subsequently.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants a represented under "other income".

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary difference.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Property and equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than freehold lands and construction in progress as described below). Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Buildings in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property and equipment.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains and losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Intangible asset

Intangible asset not yet available for use with finite useful life that is acquired separately is carried at cost less any accumulated impairment losses. Amortisation for intangible asset with finite useful life commences when the asset is available for use and is recognised on a straight line basis over its estimated useful life. The estimated useful life and amortisation method are reviewed at the end of the reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease at inception, modification date or business acquisition date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

<u>Short-term leases and leases of low-value assets</u>

The Group applies the short-term lease recognition exemption to leases of gaming equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as lessee

Right-of-use assets

The Group recognises right-of-use asset at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- variable lease payments that depend on an index or a rate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease payments change due to changes in an index or a rate, in which case the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Impairment losses on property and equipment, intangible assets and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment, intangible assets and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. Intangible asset not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property and equipment, intangible assets and right-of-use assets, are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial Instruments

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Amortised cost and interest income

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVTOCI") or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of the reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial Instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables and deposits, deposits for gaming licence, amount due from a fellow subsidiary and an intermediate holding company, loan to a related party, pledged bank deposits and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at the end of the reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, and factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always assesses lifetime ECL for trade receivables.

For all other financial instruments, the Group assesses the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Nature of financial instruments;
- Past-due status; and
- Nature, size and industry of debtors.

The grouping is regularly reviewed by the management of the Group to ensure the constituents of each group continue to share similar credit risk characteristics.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Measurement and recognition of ECL (continued)

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount with the exception of trade receivables where the correspondence adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of a group entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities (including trade payables, other payables and bank and other borrowings) are subsequently measured at amortised cost, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the management of the Group is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimate is recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Impairment assessment of the property and equipment and right-of-use assets related to operations in Austria

In determining whether impairment loss of property and equipment and right-of-use assets related to operations in Austria should be recognised or reversed, the management of the Group has to make estimation on the recoverable amounts of the property and equipment and right-of-use assets related to operations in Austria, being a single cash-generating unit. Changes in the key assumptions, including the pre-tax discount rate, and expected changes in revenues in the discounted cash flow projections, could materially affect the recoverable amounts.

The management of the Group considered there was an indication (i.e. loss for the year) for impairment for these property and equipment and right-of-use assets for the year ended 31 March 2024, and prepared discounted cash flow projections for operations in Austria based on the financial budget approved by the directors of the Company and engaged an independent professional valuer to conduct impairment assessment on these property and equipment and right-of-use assets by estimating their recoverable amounts. At 31 March 2024, the carrying amounts of the property and equipment and right-of-use assets related to operations in Austria were approximately HK$18,489,000 and HK$21,101,000 respectively (2023: HK$24,405,000 and HK$16,808,000), after taking into account the accumulated impairment of HK$50,147,000 and HK$15,168,000 respectively (2023: HK$54,706,000 and HK$16,547,000). The Group estimated the recoverable amount of the property and equipment and right-of-use assets related to operations in Austria based on value in use and concluded that the carrying amount of these assets does not exceed their recoverable amount. Accordingly, no impairment loss was recognised during the year ended 31 March 2024 (2023: same).

Deferred tax assets

As at 31 March 2024, no deferred tax asset has been recognised on the tax losses of HK$132,196,000 (2023: HK$134,708,000) and deductible temporary difference of HK$56,082,000 (2023: HK$61,861,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits will be available in the future, which is a key source of estimation uncertainty especially the uncertainty on the economic condition in Europe. In cases where the actual future taxable profits generated are more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a recognition takes place.

5. SEGMENT INFORMATION

The Group is currently organised into two reportable segments – gaming operations and hotel, catering and leasing operations. Principal activities of these two reportable segments are as follows:

(i) Gaming operations – operation of casinos

(ii) Hotel, catering and leasing operations – operation of hotel, catering and related services

Reportable segments are reported in a manner consistent with the internal reporting provided to the chief executive officer of the Company, being the chief operating decision maker (the "CODM"). CODM, who is responsible for allocating resources and assessing performance of the reportable segments, has been identified as the senior management that makes strategic decisions.

The CODM regularly analyses gaming operations in terms of table gaming operations and slot machine gaming operations for each casino, and the relevant revenues and operating results are reviewed as a whole for resources allocation and performance assessment. For hotel, catering and leasing operations, the CODM regularly reviews the performance on the basis of the individual hotel. For segment reporting under HKFRS 8 *Operating Segments*, financial information of the Group's hotels with similar economic characteristics has been aggregated into a single reportable segment named "hotel, catering and leasing operations".

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

5. SEGMENT INFORMATION (continued)

Segment information about these businesses is presented below:

(a) An analysis of the Group's revenue and results by reportable segments is as follows:

	Year ended 31 March	
	2024	2023
	HK$'000	HK$'000
Segment revenue		
Gaming operations:		
recognised at a point in time	**402,403**	390,403
Hotel, catering and leasing operations:		
Catering operations:		
recognised at a point in time	**71,011**	62,380
Hotel operations:		
recognised over time	**90,800**	76,238
Leasing operations:		
revenue from operating lease	**127**	–
	564,341	529,021
Revenue from contracts with customers:		
recognised at a point in time	**473,414**	452,783
recognised over time	**90,800**	76,238
	564,214	529,021
Revenue from operating leases:		
lease payments	**127**	–
	564,341	529,021
Segment results		
Gaming operations	**103,656**	102,691
Hotel, catering and leasing operations	**4,499**	4,317
Unallocated corporate income	**14,282**	3,064
Unallocated corporate expenses	**(94,270)**	(48,456)
Profit before taxation	**28,167**	61,616

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the profit before taxation from each segment without allocation of certain finance costs, listing expenses, real estate transfer tax on reorganisation, other expense and corporate income and expenses. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

5. SEGMENT INFORMATION (continued)

(b) An analysis of the Group's assets and liabilities by reportable segments is as follows:

	As at 31 March	
	2024 HK$'000	2023 HK$'000
ASSETS		
Segment assets:		
– gaming operations	139,086	124,269
– hotel, catering and leasing operations	250,009	255,142
	389,095	379,411
Other unallocated assets	349,608	237,404
Group's total	738,703	616,815
LIABILITIES		
Bank and other borrowings:		
– gaming operations	285	724
– hotel, catering and leasing operations	61,251	69,465
	61,536	70,189
Other segment liabilities:		
– gaming operations	6,773	11,199
– hotel, catering and leasing operations	144,224	141,855
	150,997	153,054
Total segment liabilities	212,533	223,243
Unallocated liabilities	23,316	5,810
Group's total	235,849	229,053

For the purposes of monitoring segment performances and allocating resources between segments:

(i) other unallocated assets include mainly certain property and equipment, deposits for acquisition of equipment, intangible assets, certain right-of-use assets, loan to a related party, financial assets at FVTPL, certain other receivables, deposits and prepayments, amount due from a fellow subsidiary, amount due from an intermediate holding company, and certain cash and cash equivalents.

(ii) unallocated liabilities include mainly certain other payables, deferred tax liabilities and certain lease liabilities.

(iii) all assets are allocated to reportable segments, other than assets not attributable to respective segments as mentioned in above (i).

(iv) all liabilities are allocated to reportable segments, other than liabilities not attributable to respective segments as mentioned in above (ii).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

5. SEGMENT INFORMATION (continued)

(c) Other segment information of the Group

Amounts included in the measurement of segment profit or loss:

For the year ended 31 March 2024

	Gaming operations HK$'000	Hotel, catering and leasing operations HK$'000	Unallocated HK$'000	Total HK$'000
Depreciation of right-of-use assets	–	725	450	1,175
Depreciation of property and equipment	6,292	6,966	8,342	21,600
Amortisation of intangible assets	–	–	1,738	1,738
Net gain on disposal of property and equipment	–	–	(506)	(506)
Bank interest income	–	–	(131)	(131)
Finance costs	130	3,932	59	4,121
Interest income from related parties	–	–	(2,641)	(2,641)
Income tax expense	18,670	5	–	18,675
Impairment losses reversed under ECL, net	–	(30)	–	(30)

For the year ended 31 March 2023

	Gaming operations HK$'000	Hotel, catering and leasing operations HK$'000	Unallocated HK$'000	Total HK$'000
Depreciation of right-of-use assets	–	563	436	999
Depreciation of property and equipment	7,406	6,005	8,770	22,181
Net gain on disposal of property and equipment	–	–	(107)	(107)
Bank interest income	–	–	(661)	(661)
Interest income from related parties	–	–	(2,296)	(2,296)
Finance costs	–	3,504	72	3,576
Income tax expense	17,447	15	–	17,462
Impairment losses reversed under ECL, net	–	(331)	–	(331)

5. SEGMENT INFORMATION (continued)

(c) Other segment information of the Group (continued)

	Year ended 31 March 2024 HK$'000	Year ended 31 March 2023 HK$'000
Additions to non-current assets (other than financial instruments)		
– gaming operations	22,209	4,124
– hotel, catering and leasing operations	24,040	2,088
– corporate level*	3,619	23,963
	49,868	30,175

* Amount includes additions to certain property and equipment, certain right-of-use assets and deposits for acquisition of equipment where the directors of the Group consider it impracticable to divide into individual segments.

(d) Geographical information

The Group's operations are in the Czech Republic, Germany and Austria. Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on geographical location of the assets.

	Year ended 31 March 2024 HK$'000	Year ended 31 March 2023 HK$'000
Revenue from external customers:		
The Czech Republic	449,567	430,966
Germany	77,487	71,845
Austria	37,287	26,210
	564,341	529,021

	Year ended 31 March 2024 HK$'000	Year ended 31 March 2023 HK$'000
Non-current assets:		
The Czech Republic	246,438	240,116
Germany	101,296	116,740
Austria	49,439	41,239
	397,173	398,095

Non-current assets exclude financial instruments.

(e) Information about major customers

There is no customer who contributes more than 10% of the total revenue of the Group during the year ended 31 March 2024 (2023: same).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

6. REVENUE

	Year ended 31 March	
	2024	2023
	HK$'000	HK$'000
Gaming revenue from:		
– slot machine operations	**321,505**	300,124
– table gaming operations	**80,898**	90,279
	402,403	390,403
Hotel, catering, leasing and related service income from:		
– catering operations	**71,011**	62,380
– hotel operations	**90,800**	76,238
– leasing operations	**127**	–
	161,938	138,618
	564,341	529,021

For hotel and catering transactions, the Group generally grants credit terms ranging from 30 to 60 days to its corporate customers from the date of invoices. Other than that, transactions with patrons and individual customers are settled by cash or credit cards through payment gateways, which will generally settle the amounts with the Group within 2 days after the date of transactions. As at 31 March 2024, all outstanding sales contracts are expected to be fulfilled within 12 months after the end of the reporting period (2023: same). As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contract is not disclosed.

7. OTHER INCOME/OTHER GAINS AND LOSSES

		Year ended 31 March	
		2024	2023
		HK$'000	HK$'000
(a)	Other income		
	Bank interest income	**131**	661
	Interest income from related parties	**2,641**	2,296
	Government grants (note)	**15**	2,215
	Others	**201**	–
		2,988	5,172
(b)	Other gains and losses		
	Fair value change on financial assets at FVTPL	**1,108**	(3,107)
	Foreign exchange gain (loss), net	**9,680**	(9,523)
	Net gain on disposal of property and equipment	**506**	107
	Impairment losses reversed under expected credit loss model, net	**30**	331
		11,324	(12,192)

Note: During the year ended 31 March 2024, the Group recognised government grants from the government of the Czech Republic, Germany and Austria mainly to subsidise the business operations of respective entities incorporated in these countries for the COVID-19 impact (2023: same). All (2023: all) of government grants recognised during the year ended 31 March 2024 are unconditional.

8. FINANCE COSTS

	Year ended 31 March	
	2024	2023
	HK$'000	HK$'000
Interest on lease liabilities	**1,456**	1,401
Interest on bank and other borrowings	**2,665**	2,175
	4,121	3,576

9. INCOME TAX EXPENSE

	Year ended 31 March	
	2024	2023
	HK$'000	HK$'000
Current tax:		
– The Czech Republic Corporation Tax	**18,042**	17,731
– Austria Corporation Tax	**4**	15
	18,046	17,746
Deferred tax (Note 29)	**629**	(284)
Income tax expense	**18,675**	17,462

The Group is not subject to any income tax in the Cayman Islands pursuant to the rules and regulations in the Jurisdiction.

Withholding tax of 15% is imposed on dividends declared in respect of profits earned by the subsidiary incorporated in the Czech Republic. At 31 March 2024, the amount of distributable earnings for the Group's subsidiary incorporated in the Czech Republic in respect of which the Group has not provided for dividend withholding tax amounted to HK$517,622,000 (2023: HK$576,433,000). No deferred tax liability has been recognised in respect of these amounts because the Group is in a position in control of the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

During the year ended 31 March 2024, the Czech Republic Corporation Tax is calculated at a rate of 19% (2023: 19%) on the estimated assessable profits.

No provision (2023: no provision) for Germany corporation tax for the year ended 31 March 2024 as the Group either incurred tax loss or utilised tax loss for offsetting the income tax payable.

No provision (2023: no provision) for Austria Corporation Tax during the year ended 31 March 2024 as the Group incurred tax loss, however, there is a minimum Corporation Tax of EUR500 for a year (2023: EUR437.5 for each quarter) during the year ended 31 March 2024 for entities in a tax loss position.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

9. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 March	
	2024 HK$'000	2023 HK$'000
Profit before taxation	28,167	61,616
Tax at the statutory tax rate of 19% in the Czech Republic	5,352	11,707
Tax effect of expenses not deductible for tax purpose	12,167	5,589
Tax effect of income not taxable for tax purpose	(55)	(148)
Tax effect of tax losses not recognised	1,731	771
Effect of tax exemptions granted to Czech subsidiary (note)	(42)	(75)
Utilisation of deductible temporary difference previously not recognised	(482)	(457)
Tax effect of deductible temporary differences not recognised	–	60
Minimum tax to Austria subsidiary	4	15
Income tax expense	18,675	17,462

Note: Tax exemption of approximately CZK123,000 (2023: CZK208,000) has been granted to Czech subsidiary for the year ended 31 March 2024.

10. PROFIT BEFORE TAXATION

	Year ended 31 March	
	2024 HK$'000	2023 HK$'000
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	2,400	836
Directors' emoluments (Note 11)	2,613	2,434
Staff costs		
– Salaries, allowances and other benefits	195,303	167,665
– Pension schemes contributions	93	83
Total staff costs	198,009	170,182
Amortisation of intangible assets	1,738	–
Depreciation of property and equipment	21,600	22,181
Depreciation of right-of-use assets	1,175	999
Real estate transfer tax on reorganisation (note)	7,927	–

Note: Upon the completion of transfer of the entire equity interest of TWG from Palasino Group to the Company, as part of the internal reorganisation, on 22 January 2024, TWG becomes the wholly owned subsidiary of the Company and the Group is liable for German real estate transfer tax of approximately EUR910,000 (equivalent to approximately HK$7,927,000) (subject to the finalisation from German tax authorities), which has been recognised in profit or loss for the year ended 31 March 2024. Such amount is indemnified by FEC and Ample and will be recognised under equity upon the settlement of the amount to tax authorities.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and the chief executive's emoluments

During the year ended 31 March 2024, Mr. Pavel Maršík ("Mr. Maršík"), who is also the chief executive, was appointed as the executive director of the Company on 26 August 2023. Tan Sri Dato' David CHIU ("Mr. Chiu") and Mr. Cheong Thard HOONG ("Mr. Hoong") were appointed as the non-executive directors of the Company on 26 August 2023. Mr. Paul Liu ("Mr. Liu"), Mr. Kam Choi Rox LAM ("Mr. Lam") and Ms. Rosa Ng (Ms. Ng) were appointed as independent non-executive directors on 26 March 2024.

The emoluments paid or payable to the directors of the Company (including emoluments for services as director/employee of the group entities prior to becoming directors of the Company) by the Group during the year are as follows:

Executive director

For the year ended 31 March 2024

	Mr. Maršík HK$'000
Fee	**15**
Salaries, allowances and other benefits	**2,087**
Discretionary bonus (Note)	**487**
	2,589

For the year ended 31 March 2023

	Mr. Maršík HK$'000
Fee	2,033
Salaries, allowances and other benefits	34
Discretionary bonus (Note)	367
	2,434

Non-executive directors

For the year ended 31 March 2024

	Mr. Chiu HK$'000	**Mr. Hoong HK$'000**	**Total HK$'000**
Fee	**9**	**9**	**18**

The emoluments of Mr. Chiu and Mr. Hoong during the year ended 31 March 2023 were included in the emoluments paid by FEC.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors' and the chief executive's emoluments (continued)

Independent non-executive directors

For the year ended 31 March 2024

	Mr. Liu HK$'000	Mr. Lam HK$'000	Ms. Ng HK$'000	Total HK$'000
Fee	2	2	2	6

Note: The discretionary bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.

The executive director's and non-executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Group.

The independent non-executive directors' emoluments shown above were for their services of the Company.

None (2023: none) of the directors nor chief executive waived or agreed to waive any emoluments during the year ended 31 March 2024.

(b) Employees' emoluments

The five highest paid individuals included 1 director (2023: 1 director) for the year ended 31 March 2024, whose emolument is included in the disclosures in (a) above. The emoluments of the remaining 4 individuals (2023: 4 individuals) for the year ended 31 March 2024, are as follows:

	Year ended 31 March	
	2024 HK$'000	2023 HK$'000
Salaries, allowances and other benefits	4,199	4,195
Discretionary bonus (Note)	1,082	1,248
	5,281	5,443

Note: The discretionary bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.

The emoluments of the highest paid employees who are not director of the Company were within the following band:

	Year ended 31 March	
	2024	2023
Nil to HK$1,000,000	–	1
HK$1,000,001 to HK$1,500,000	3	2
HK$1,500,001 to HK$2,000,000	1	1

During the year ended 31 March 2024, no emoluments (2023: no emoluments) were paid by the Group to any of the directors of the Company or the chief executive of the Group or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share from operations attributable to owners of the Company is based on the following data:

Earnings:

	Year ended 31 March	
	2024 HK$'000	2023 HK$'000
Earnings for the purpose of basic and diluted earnings per share being profit for the year attributable to owners of the Company	8,542	44,154

Number of shares:

	2024 '000	2023 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	715,691	714,286
Effect of dilutive potential ordinary share over-allotment option of the global offering	211	N/A
Weighted average number of ordinary shares for the purpose of dilutive earnings per share	715,902	N/A

The weighted average number of ordinary shares for the purpose of basic and dilutive earnings per share for the year ended 31 March 2024 has been taken into account the share subdivision and share capitalisation as set out in Note 30.

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2023 has been taken into account the share subdivision and share capitalisation as set out in Note 30. No diluted earnings per share for the year ended 31 March 2023 was presented as there were no potential ordinary shares in issue for 2023.

13. DIVIDENDS

The Group

	Year ended 31 March	
	2024 **HK$'000**	2023 HK$'000
Dividends for equity shareholders of Palasino Group recognised as distribution during the year	**93,563**	–

As set out in Note 40, dividend payables of HK$79,529,000 was offset by the amount due from FEC Overseas Investment (UK) Limited ("FEC UK"), the former holding company of the Company and the fellow subsidiary of the Group, during the year ended 31 March 2024.

Dividends of HK$14,034,000 was paid in cash during the year ended 31 March 2024.

The rate of dividend and number of shares ranking for the above dividends distributed by Palasino Group are not presented as such information is not considered meaningful having regard to the purpose of these consolidated financial statements.

The Company

No dividend has been declared or paid by the Company since its incorporation.

14. INVESTMENT PROPERTIES

	HK$'000
At 1 April 2022 and 31 March 2023	–
Acquired on acquisition of a subsidiary (Note 37)	14,597
At 31 March 2024	14,597

As disclosed in Note 37, the Group acquired the entire equity interest of Retail Park Mikulov s.r.o. ("Mikulov"), of which the principal activity is holding investment properties in the Czech Republic.

The investment properties represent the properties held by Mikulov, which leases out various retail stores under operating leases with rentals payable monthly. The leases typically run for an initial period of 5 to 8 years.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in CZK which is the functional currency of Mikulov. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

14. INVESTMENT PROPERTIES (continued)

In determining the fair value of the investment properties, the Group engages a valuer to perform the valuation. The management of the Company works closely with the valuer to establish the appropriate valuation techniques and inputs to the model. The management of the Company report the findings of the valuation to the board of directors of the Company periodically to explain the cause of fluctuations in the fair value of the investment properties.

The valuation of the investment properties, which falls under level 3 of the fair value hierarchy, was arrived at by capitalisation of future rental which is estimated by reference to comparable rental as available in the relevant markets. In the valuation, the market rentals of all lettable units of the properties are made reference to the rentals achieved by the Group in the lettable units as well as those of similar properties in the neighbourhood. The capitalisation rate adopted is by reference to the yield rates observed by the valuer for similar properties in the locality and adjusted for the valuer's knowledge of factors specific to the respective properties. The yearly comparable rental and capitalisation rate adopted in the valuation as at 31 March 2024 is CZK22,933 per square meter and 7.75%, respectively.

The fair value measurement of Group's major investment properties and information about the fair value hierarchy at 31 March 2024 are as follows:

The key inputs used in valuing the investment properties under the income capitalisation approach were the capitalisation rates used and market rent. A slight increase in the capitalisation rate used or a slight decrease in market rent would result in a significant decrease in the fair value of the investment properties, and vice versa.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair value of certain investment properties have been adjusted to exclude prepaid or accrued operating lease income to avoid double counting.

The fair value of the investment properties at 31 March 2024 has been arrived at on the basis of a valuation carried out by Grant Thornton Appraisal services a.s., who is the qualified valuer registered based on the decision of the Minister of Justice of the Czech Republic.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

15. PROPERTY AND EQUIPMENT

	Freehold land HK$'000	Buildings under freehold land HK$'000	Buildings under leasehold land HK$'000	Office furniture, fixtures and equipment HK$'000	Motor vehicle HK$'000	Gaming equipments HK$'000	Construction in progress HK$'000	Total HK$'000
COST								
At 1 April 2022	22,619	367,146	190,807	121,512	2,732	67,797	–	772,613
Additions	–	5,528	39	16,437	3,537	645	–	26,186
Disposals	–	–	–	(745)	(236)	(4,896)	–	(5,877)
Exchange adjustments	(807)	(5,937)	(14,271)	(4,654)	(78)	(2,598)	–	(28,345)
At 31 March 2023	21,812	366,737	176,575	132,550	5,955	60,948	–	764,577
Additions	–	7,492	–	2,166	1,345	8,443	5,418	24,864
Disposals	–	(127)	(181)	(169)	(836)	(182)	–	(1,495)
Exchange adjustments	(317)	(20,110)	(14,707)	(12,849)	(672)	(5,641)	(236)	(54,532)
At 31 March 2024	21,495	353,992	161,687	121,698	5,792	63,568	5,182	733,414
DEPRECIATION AND IMPAIRMENT								
At 1 April 2022	–	89,791	174,698	75,234	750	53,544	–	394,017
Provided for the year	–	8,243	440	7,826	944	4,728	–	22,181
Eliminated on disposal	–	–	–	(745)	(236)	(629)	–	(1,610)
Exchange adjustments	–	(1,610)	(12,371)	(478)	(29)	(1,023)	–	(15,511)
At 31 March 2023	–	96,424	162,767	81,837	1,429	56,620	–	399,077
Provided for the year	–	8,683	591	7,349	1,261	3,716	–	21,600
Eliminated on disposal	–	(127)	(181)	(169)	(836)	(182)	–	(1,495)
Exchange adjustments	–	(10,588)	(12,256)	(6,486)	(79)	(3,496)	–	(32,905)
At 31 March 2024	–	94,392	150,921	82,531	1,775	56,658	–	386,277
CARRYING VALUES								
At 31 March 2024	21,495	259,600	10,766	39,167	4,017	6,910	5,182	347,137
At 31 March 2023	21,812	270,313	13,808	50,713	4,526	4,328	–	365,500

The above items of property and equipment are depreciated on a straight-line basis at the following rates per annum, taking into account the residual value:

Office furniture, fixtures and equipment	8% – 33%
Motor vehicle	20% – 33%
Gaming equipments	20% – 25%
Buildings under leasehold land	over the lease term
Buildings under freehold land	2% – 2.5%

16. INTANGIBLE ASSETS

	Search engine platform HK$'000	Search engine platform under construction HK$'000	Total HK$'000
COST			
At 1 April 2022	–	870	870
Additions	–	3,176	3,176
At 31 March 2023	–	4,046	4,046
Transfer	4,046	(4,046)	–
Addition	677	–	677
Exchange adjustments	(181)	–	(181)
At 31 March 2024	4,542	–	4,542
AMORTISATION			
At 1 April 2022 and 31 March 2023	–	–	–
Provided for the year	1,738	–	1,738
Exchange adjustments	(51)	–	(51)
At 31 March 2024	1,687	–	1,687
CARRYING VALUES			
At 31 March 2024	2,855	–	2,855
At 31 March 2023	–	4,046	4,046

Note: The intangible asset represents the development cost incurred for the search engine optimisation platform which starts to amortise during the year ended 31 March 2024 on a straight-line basis at 33% per annum.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

17. RIGHT-OF-USE ASSETS

	Office premises HK$'000	Leasehold land HK$'000	Total HK$'000
COST			
At 1 April 2022	2,000	37,349	39,349
Lease reassessment	–	5,742	5,742
Exchange adjustments	(39)	–	(39)
At 31 March 2023	1,961	43,091	45,052
Additions	109	–	109
Lease reassessment	–	6,656	6,656
Exchange adjustments	(165)	(3,878)	(4,043)
At 31 March 2024	1,905	45,869	47,774
DEPRECIATION AND IMPAIRMENT			
At 1 April 2022	–	18,200	18,200
Provided for the year	436	563	999
At 31 March 2023	436	18,763	19,199
Provided for the year	450	725	1,175
Exchange adjustments	(56)	(2,163)	(2,219)
At 31 March 2024	830	17,325	18,155
CARRYING VALUES			
At 31 March 2024	1,075	28,544	29,619
At 31 March 2023	1,525	24,328	25,853

	Year ended 31 March	
	2024 HK$'000	2023 HK$'000
Expense relating to short-term leases	**22,909**	20,227
Expense relating to lease of low-value assets	**73**	76
Total cash outflow for leases	**24,328**	22,737

The Group leases office premises and pieces of land of hotel buildings during the years ended 31 March 2024 and 2023. Lease contracts for office premises and leasehold land are entered into for fixed term of 4 years and 42 to 66 years, without any extension nor termination options, respectively. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

During the year ended 31 March 2024, the Group entered into a new lease agreement with Annick Investment Limited ("Annick"), a fellow subsidiary of the Group for the use of office premises for 3 years. On the lease commencement, the Group recognised HK$109,000 of right-of-use assets and HK$109,000 of lease liabilities respectively.

17. RIGHT-OF-USE ASSETS (continued)

The lease payment of the leasehold land in Austria is charged at fixed amount on a monthly basis. During the year ended 31 March 2024, lease reassessment of HK$6,656,000 (2023: HK$5,742,000) has been recognised as right-of-use assets and lease liabilities using the initial discount rate, respectively. The lease payment for the remaining years will be adjusted by the inflation rate at the end of each calendar year provided that the inflation rate of Austria exceeds 5% per annum.

Restrictions or covenants on leases

In addition, lease liabilities of HK$64,911,000 (2023: HK$64,866,000) are recognised with related right-of-use assets of HK$29,619,000 (2023: HK$25,853,000) as at 31 March 2024. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

18. INVENTORIES

	As at 31 March	
	2024 **HK$'000**	2023 HK$'000
Food and beverage held for sale	**2,052**	2,277

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 March	
	2024 **HK$'000**	2023 HK$'000
Financial assets at FVTPL	**–**	21,089

Financial assets at FVTPL represented the investment held and managed by Singford Holdings Limited ("Singford"), a fellow subsidiary of the Group. The investment fund mainly consisted of cash and cash equivalents, over-the-counter currency bonds as well as listed equity instruments as at 31 March 2023. The balance was classified as current asset as the management of the Group expected to realise within 12 months from the end of reporting period.

The entire financial assets at FVTPL is disposed by the Group during the year ended 31 March 2024.

20. TRADE RECEIVABLES

	As at 31 March	
	2024	2023
	HK$'000	HK$'000
Trade receivables	**10,241**	7,141
Less: allowance for credit losses	**(53)**	(83)
	10,188	7,058

As at 1 April 2022, trade receivables from contracts with customers amounted to HK$4,876,000.

The entire trade receivables are arising from hotel and catering operations. The Group generally grants credit terms ranging from 30 to 60 days to its corporate customers from the date of invoices. Transactions with individual customers are settled by cash or credit cards through payment gateways, which will generally settle the amounts with the Group within 2 days after the sales was made. An ageing analysis of the trade receivables, net of allowance for impairment losses, presented based on the invoice dates at the end of the reporting period is as follows:

	As at 31 March	
	2024	2023
	HK$'000	HK$'000
Within 30 days	**9,752**	5,913
31 days to 60 days	**61**	413
Over 60 days	**375**	732
	10,188	7,058

The Group provides ECL of trade receivables as prescribed by HKFRS 9. Details of impairment assessment of trade receivables are set out in Note 34.

As at 31 March 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$436,000 (2023: HK$1,145,000), which are past due as at the reporting date. As at the end of the reporting period, no balance (2023: no balance) has been past due 90 days or more. The Group does not hold any collateral over these balances.

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS/DEFERRED ISSUE COSTS AND OTHER PREPAYMENTS

	As at 31 March	
	2024 HK$'000	2023 HK$'000
Rental and utilities deposits	1,187	362
Deposits for acquisition of equipment	2,965	2,696
Deposits for gaming licence (note i)	9,900	10,800
Government grants receivables (note ii)	54	6,638
Other receivables, deposits and prepayments	8,771	6,175
Total	22,877	26,671
Presented as:		
Current	10,012	13,175
Non-current	12,865	13,496
	22,877	26,671

Notes:

(i) Deposits of CZK30,000,000 (2023: CZK30,000,000) (equivalents to approximately HK$9,900,000 (2023: HK$10,800,000) as at 31 March 2024) have been placed on a special account of the Ministry of Finance of the Czech Republic as surety deposit for the casino operations. Such deposit is refundable upon the gaming licence is conclusively withdrawn or ceased and will not be realised within 12 months from the end of reporting period, therefore, the amount is classified as non-current assets.

(ii) The balance mainly represents the grants receivables from the government of the Czech Republic, Germany and Austria for reimbursing the Group's staff costs as at 31 March 2024 and 2023.

Details of impairment assessment of other receivables and deposits are set out in Note 34.

22. AMOUNT DUE FROM A FELLOW SUBSIDIARY/LOAN TO A RELATED PARTY/AMOUNT DUE FROM AN INTERMEDIATE HOLDING COMPANY

(a) Amount due from a fellow subsidiary

As at 31 March 2023, the amount represented amount due from Singford amounting to HK$35,013,000, which was non-trade in nature, unsecured, interest bearing at 4.5% per annum and recoverable on demand.

As disclosed in Note 40, the obligation and interest of the entire balance due from Singford have been novated to FEC UK and the entire balance was then offset by dividend payables during the year ended 31 March 2024.

(b) Loan to a related party

As at 31 March 2023, the balance represented loan to BC Mortgage Service Asia Limited ("BC Mortgage"), which was non-trade in nature, interest bearing at 5.95% plus Sterling Overnight Index Average, secured by the property of the borrower and with maturity on 30 June 2025. As at 31 March 2023, as the amount did not expect to be realised within 12 months from the end of the reporting period, the amount was therefore classified as non-current asset.

BC Mortgage is a joint venture of FEC.

As disclosed in Note 40, the right and obligation of the entire balance have been novated to Far East Consortium Limited ("FECL"), a fellow subsidiary of the Company and HK$12,911,000 was settled in cash whereas the right and obligation of remaining balance amounting to HK$26,254,000 was further novated by FECL to FEC UK and then offset by dividend payables during the year ended 31 March 2024.

(c) Amount due from an intermediate holding company

The amount was non-trade in nature, unsecured, interest-free and recoverable on demand as at 31 March 2023.

The entire amount has been received during the year ended 31 March 2024.

Details of impairment assessment of amount due from a fellow subsidiary and an intermediate holding company and a loan to a related party are set out in Note 34.

23. CASH AND CASH EQUIVALENTS/PLEDGED BANK DEPOSITS

Cash and cash equivalents comprise cash held by the Group, bank balances and short-term bank deposits for the purpose of meeting the Group's short term cash commitments.

Bank balances carry variable interest at average market rates of 3.7% (2023: 6.0%) per annum as at 31 March 2024.

Pledged bank deposits carry fixed interest rate of 0.5% (2023: 0.5%) as at 31 March 2024 and represent deposits pledged to banks to secure long-term bank borrowings granted to the Group, and are therefore classified as non-current assets. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

Details of impairment assessment of bank balances and pledged bank deposits are set out in Note 34.

24. TRADE PAYABLES

The credit period granted by suppliers ranged from 0 to 90 days. The ageing analysis of the trade payables of the Group presented based on the invoice dates. At the end of the reporting period is as follows:

	As at 31 March	
	2024	2023
	HK$'000	HK$'000
Within 60 days	**5,535**	6,133
61 to 90 days	**590**	161
	6,125	6,294

25. OTHER PAYABLES

	As at 31 March	
	2024	2023
	HK$'000	HK$'000
Chips in circulation	**1,545**	1,405
Other payables and accruals	**5,271**	7,355
Listing expenses payable	**6,836**	–
Share issue costs payable	**2,788**	–
Refundable government subsidy	**3,648**	2,520
Deferred income (note i)	**1,527**	1,601
Other tax payables	**50,428**	37,602
Salaries payables	**16,085**	15,662
Consideration payable (note ii)	**2,449**	4,539
	90,577	70,684
Less: Non-current portion of consideration payable	**(354)**	(2,480)
Non-current portion of deferred income	**(1,489)**	(1,558)
	88,734	66,646

Notes:

(i) Trans World Hotels Austria GmbH ("TWA") was granted by the Austria Government for subsiding the construction cost of hotel building at amount of EUR200,000 (equivalent to approximately HK$1,800,000). The government grant will be amortised over the useful life of the hotel building.

(ii) The balance represents the consideration payable arising from the acquisition of a hotel building in 2015, the amount is repayable on a monthly basis from years 2015 to 2025, interest bearing at 3% per annum and secured by the property held by the Group.

26. CONTRACT LIABILITIES

	As at 31 March	
	2024	2023
	HK$'000	HK$'000
Advances received in relation to the service of hotel accommodation	**462**	790
Customer loyalty programme	**1,697**	1,165
	2,159	1,955

As at 1 April 2022, the contract liabilities amounted to HK$1,642,000.

For the contract liabilities as at 31 March 2024, approximately 90% (2023: 90%) of the balances will be recognised as revenue during the year ending 31 March 2025 (2023: during the year ended 31 March 2024).

Advances received in relation to the service of hotel accommodation

Contract liabilities in relation to the service of hotel accommodation represent the advance payments received from the customers upon ordering and before provision of services, until the services are rendered and revenue are recognised.

Customer loyalty programme

The Group offers customer loyalty programme in the Group's gaming operations. Basically, the customers can earn loyalty points from slot machine gaming and table gaming. The customers can use the loyalty points as cashable credit on any slot machine gaming and table gaming or use to purchase non-gaming products by utilising the loyalty points earned under the customer loyalty programme. All loyalty points can be accumulated and will be expired in the following 6 months since the last gaming. The expiry date of the loyalty points will be automatically extended if there is a gaming betted by the customers during the 6-month period. Contract liabilities in relation to customer loyalty programme represent the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period. The increase in contract liabilities from years ended 31 March 2023 to 31 March 2024 was mainly due to many loyalty points granted have not yet been redeemed by the customers.

The Group expects the transaction price allocated to the unsatisfied performance obligations will be recognised as revenue when the loyalty points are redeemed.

27. LEASE LIABILITIES

	As at 31 March	
	2024	2023
	HK$'000	HK$'000
Lease liabilities payable		
Within one year	**1,558**	1,446
More than one year, but not more than two years	**1,583**	1,503
More than two years, but not more than five years	**3,712**	4,045
More than five years	**58,058**	57,872
	64,911	64,866
Less: Amount due for settlement within 12 months shown under current liabilities	**(1,558)**	(1,446)
Amount due for settlement after 12 months shown under non-current liabilities	**63,353**	63,420

The weighted average incremental borrowing rates applied to lease liabilities is 2.1% (2023: 2.2%) as at 31 March 2024.

28. BANK AND OTHER BORROWINGS

	As at 31 March	
	2024 HK$'000	2023 HK$'000
Bank borrowings	61,251	69,465
Other borrowings	285	724
	61,536	70,189
Analysed as:		
Secured	61,251	69,465
Unsecured	285	724
	61,536	70,189
The carrying amount of the bank borrowings are repayable:		
– Within one year	8,577	7,987
– Within a period of more than one year, but not exceeding two years	8,187	8,137
– Within a period of more than two years, but not more than five years	37,164	25,351
– Within a period of more than five years	7,323	27,990
	61,251	69,465
Less: The carrying amount of above bank borrowings that are repayable on demand due to breach of loan covenants (note) (shown under current liabilities)	–	(22,790)
	61,251	46,675
Amount due within one year shown under current liabilities based on scheduled repayment dates	(8,577)	(7,987)
Amount shown under non-current liabilities	52,674	38,688
The carrying amount of the other borrowings are repayable:		
– Within one year	285	414
– Within a period of more than one year, but not exceeding two years	–	310
	285	724
Less: Amount due within one year shown under current liabilities based on scheduled repayment dates	(285)	(414)
Amount shown under non-current liabilities	–	310

28. BANK AND OTHER BORROWINGS (continued)

Interest rate	As at 31 March 2024 HK$'000	2023 HK$'000
Fixed rate	38,488	45,200
Variable rate	23,048	24,989
	61,536	70,189

For the bank and other borrowings as at 31 March 2024, the bank borrowings amounted of HK$23,048,000 (2023: HK$24,989,000) are variable-rate borrowing which carrying interest at 3-month EURIBOR + 1.95% per annum. The remaining bank and other borrowings amounted to HK$38,488,000 (2023: HK$45,200,000) carry fixed interest rates was range from 1.95% to 3.7% (2023: 1.95% to 3.7%).

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	Year ended 31 March 2024	2023
Effective interest rates:		
Bank borrowings	1.95% to 5.84%	1.95% to 4.99%
Other borrowings	3.7%	3.7%

All bank borrowings are denominated in EUR as at the end of the year ended 31 March 2024 (2023: same). All other borrowings are denominated in CZK as at the end of the year ended 31 March 2024 (2023: same).

Note: In respect of a bank loan with a carrying amount of HK$23,048,000 as at 31 March 2024, TWA breached the term of a bank borrowing, which is primarily related to the debt service cover ratio of TWA. During the year ended 31 March 2024, the directors of TWA obtained the wavier by the bank to waive its right as at 31 March 2024 to demand immediate payment for the next twelve months from the end of the reporting period.

In respect of a bank loan with a carrying amount of HK$24,989,000 as at 31 March 2023, TWA breached the term of a bank borrowing, which is primarily related to the debt service cover ratio of TWA. On discovery of the breach, the directors of TWA immediately informed the bank and commenced a renegotiation of the term of the borrowing with the relevant banker. A letter has been issued by the bank to TWA to waive its right as at 31 March 2023 to demand immediate payment after 31 March 2023.

As such, the management of the Group classified the bank borrowing as a current liability and a non-current liability as at 31 March 2023 and 2024 respectively.

29. DEFERRED TAX LIABILITIES

The following is the analysis of the deferred tax balances for the financial reporting purposes:

	As at 31 March	
	2024	2023
	HK$'000	HK$'000
Deferred tax liabilities	**5,927**	5,810

The following are the major deferred tax (assets) liabilities recognised by the Group and movements during the year.

	Lease liabilities HK$'000	Right-of-use assets HK$'000	Accelerated tax allowance HK$'000	Total HK$'000
At 1 April 2022	(8,402)	8,402	6,094	6,094
Credit to profit or loss	–	–	(284)	(284)
At 31 March 2023	(8,402)	8,402	5,810	5,810
Exchange adjustments	488	(488)	(512)	(512)
(Credit) charge to profit or loss	(746)	746	629	629
At 31 March 2024	(8,660)	8,660	5,927	5,927

The Group's unrecognised tax losses are as follows:

	Year ended 31 March	
	2024	2023
	HK$'000	HK$'000
Tax losses carry forward	**132,196**	134,708

During the year ended 31 March 2024, all (2023: all) tax losses may be carried forward indefinitely. No deferred tax asset in respect of tax losses has been recognised because the amount of future taxable profit that will be available to realise such assets is uncertain.

As at 31 March 2024, the Group has deductible temporary differences of HK$56,082,000 (2023: HK$61,861,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

30. SHARE CAPITAL

For the purpose of presentation of the consolidated statement of financial position, the balance of share capital as at 1 April 2022 and 31 March 2023 represented the share capital of Palasino Group prior to the completion of the Reorganisation.

For the purpose of presentation of the consolidated statement of financial position, the balance of share capital as at 31 March 2024 represented the share capital of the Company after the completion of the Reorganisation.

Authorised:

	Notes	Number of shares	Nominal value of ordinary shares HK$'000
At 6 July 2023 (date of incorporation)		50,000	50
Addition	(a)	19,950,000	19,950
Share subdivision	(a)	1,980,000,000	–
		2,000,000,000	20,000
Issued and fully paid:			
Issuance of ordinary shares on 6 July 2023 (date of incorporation)		1	–*
Issuance of ordinary shares on 1 March 2024		99	–*
Share subdivision	(a)	9,900	–*
Share capitalisation	(b)	714,276,000	7,143
Issuance of ordinary shares on 26 March 2024	(c)	85,714,000	857
		800,000,000	8,000

* The balances represent amount less than HK$1,000.

Notes:

(a) On 4 March 2024, an ordinary resolution was passed, pursuant to which, (i) the authorised share capital of the Company increases from HK$50,000 divide into 50,000 shares to HK$20,000,000 into 20,000,000 shares and (ii) every issued and unissued ordinary share of HK$1 par value in the Company was subdivided into 100 ordinary shares of HK$0.01 par value each.

(b) On 4 March 2024, a written resolution was passed for the 714,276,000 shares to be issued upon capitalisation of the amount of HK$7,142,760 standing to the credit of the share premium account of the Company.

(c) In connection with the Company's IPO, 85,714,000 ordinary shares were issued at HK$2.6 per share for a total cash consideration, before expenses, of approximately HK$222,856,000 on 26 March 2024.

31. RELATED PARTY DISCLOSURES

(i) Transactions

The Group had the following transactions with related parties during the year.

Name of related parties	Nature of transactions	Year ended 31 March 2024 HK$'000	2023 HK$'000
BC Mortgage	Interest income	**1,768**	2,188
Singford	Interest income	**873**	108
Annick	Lease payment	**–***	–

* The amount represents amount less than HK$1,000.

BC Mortgage is a joint venture of FEC.

Singford and Annick are fellow subsidiaries of the Group.

As set out in Note 19, Singford managed the Group's investment without charging any service fee during the year ended 31 March 2024 (2023: same).

During the year ended 31 March 2024, FECL paid expenses on behalf of the Group on an incidental basis and without charging handling fees (2023: same).

On 4 March 2024, FEC, Ample and the Company signed a deed of indemnity, under which FEC and Ample indemnified German real estate transfer tax of approximately EUR910,000 (equivalent to approximately HK$7,927,000) (subject to the finalisation from German tax authorities) arising from the transfer of the entire equity interest of TWG from Palasino Group to the Company.

Saved as the above transactions and balances as disclosed in Notes 17 and 22 to the consolidated financial statements, the Group did not have any other related party transactions.

(ii) Compensation of key management personnel

The remuneration of key management during the year was as follows:

	Year ended 31 March 2024 HK$'000	2023 HK$'000
Short-term benefits	**7,862**	7,877

32. RETIREMENT BENEFIT SCHEMES

The Group participates in the Pension insurance of Austria (the "Austria Pension") for all its qualifying employees in Austria. The assets of the schemes are held separately from those of the Group, in funds under the control of Austria Government.

For members of the Austria Pension, the Group contributes 1.53% (2023: 1.53%) of relevant monthly payroll costs per person during the year ended 31 March 2024.

The only obligation of the Group with respect to the Austria Pension is to make the specified contributions. During the year ended 31 March 2024, the total amounts contributed by the Group to such scheme and costs charged to the profit or loss represents contributions paid or payable to the scheme by the Group at rates specified in the rules of the scheme (2023: same). The retirement benefits scheme contributions made by the Group amounted to HK$93,000 (2023: HK$83,000) for the year ended 31 March 2024.

These is no statutory requirement for the Group to participate any retirement benefit scheme for the employees in the Czech Republic and Germany during the year ended 31 March 2024 (2023: same).

The Group is not obligated for any payment to the retirement benefit schemes in Germany and the Czech Republic during the year ended 31 March 2024 (2023: same).

33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group companies will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy remains unchanged during the year ended 31 March 2024 (2023: same).

The capital structure of the Group consists of net debt, which includes bank and other borrowings, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of the review, the directors of the Company consider the cost and the risks associated with each class of the capital. Based on the recommendations of the management of the Group, the Group will balance its overall capital structure through issue of new shares, issue of new debt and redemption of existing debts.

34. FINANCIAL INSTRUMENTS

Categories of financial instrument

	As at 31 March	
	2024	2023
	HK$'000	HK$'000
Financial assets		
Amortised cost	**336,506**	186,664
Financial assets at FVTPL	**–**	21,089
Financial liabilities		
Amortised cost	**80,039**	84,120

Financial risk management objectives and policies

The Group's financial instruments include trade receivables, other receivables and deposits, cash and cash equivalents, pledged bank deposits, trade payables, other payables, bank and other borrowings and lease liabilities (2023: trade receivables, other receivables and deposits, amount due from a fellow subsidiary, amount due from an intermediate holding company, loan to a related party, financial assets at FVTPL, cash and cash equivalents, pledged bank deposits, trade payables, other payables, bank and other borrowings and lease liabilities).

Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risks (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The Group has transactions denominated in foreign currencies for its casino and hotel operations, which expose the Group to foreign currency risk. All of the Group's receipt of its casino operations are denominated in EUR and some of the financial assets are denominated in USD and GBP, other than the functional currency of the group entity, during the year ended 31 March 2024 (2023: same).

The Group currently does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

34. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Currency risk (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	As at 31 March	
	2024	2023
	HK$'000	HK$'000
Assets		
EUR	**43,620**	38,300
USD	**1,509**	50,698
GBP	**568**	40,382
HKD	**230,678**	–
Liabilities		
EUR	**64,054**	74,002
HKD	**2,084**	–

The following tables details the Group's sensitivity to a 5% weakening in the functional currencies of group entities against the relevant foreign currencies of respective group entities, while all other variables are held constant. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies at the year end. For a 5% strengthening of the functional currencies of group entities against the relevant foreign currencies, these would be an equal and opposite impact on profit after tax.

	Increase (decrease) in profit after tax As at 31 March	
	2024	2023
	HK$'000	HK$'000
EUR	**(828)**	(1,446)
USD	**61**	2,053
GBP	**23**	1,635
HKD	**9,258**	–

34. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the Group's fixed-rate pledged bank deposits, lease liabilities, and bank and other borrowings as at 31 March 2024 and 2023 and amount due from a fellow subsidiary as at 31 March 2023.

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits and variable-rate bank borrowing as at 31 March 2024 and 2023 and loan to a related party as at 31 March 2023.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of the Czech Republic and Germany deposit rate arising from the Group's bank balances, the Sterling Overnight Index Average arising from the Group's loan to a related party and the 3-month EURIBOR rate arising from bank borrowings.

The Group currently does not have interest rate risk hedging policy. However, management of the Group closely monitors its exposure to future cashflow interest rate risk as a result of change on market interest rate and will consider hedging changes in market interest rates should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for loan to a related party, variable-rate bank deposits and bank borrowing for the year. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents directors' assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2024 would increase/decrease by HK$213,000 (2023: HK$424,000) respectively as a result of the Group's exposure to interest rates on its loan to a related company and variable-rate bank deposits.

If interest rates had been increased/decreased by 50 basis points and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2024 would decrease/increase by HK$84,000 (2023: HK$101,000) as a result of the Group's exposure to interest rate on its variable-rate bank borrowings.

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade receivables, other receivables and deposits, pledged bank deposits and bank balances (2023: trade receivables, other receivables and deposits, amounts due from a fellow subsidiary, amount due from an intermediate holding company, loan to a related party, pledged bank deposits and bank balances).

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligations by counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position at the end of the reporting period. The Group do not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets (2023: except for the loan from a related party, the Group do not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets).

34. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade receivables

In order to minimise the credit risk on trade receivables, the management of the Group has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate provisions for impairment losses are made for irrecoverable amounts on trade receivable.

The Group always recognises lifetime ECL for trade receivables. To measure the ECL, the Group performs impairment assessment under the ECL model on trade receivables collectively based on shared credit risk characteristics by reference to the Group's internal credit rating.

As at 31 March 2024, the Group fully provided HK$53,000 impairment allowance for credit-impaired trade receivables (2023: HK$83,000).

The Group's concentration of credit risk on the top five largest debtors accounted for 66% and 49%, respectively of the total trade receivables as at 31 March 2024 and 2023, respectively.

Other receivables and deposits (including deposits for gaming licence)

The management of the Group make periodic individual assessment on the recoverability of significant balances based on historical settlement records (if any), past experience, and also available reasonable and supportive forward-looking information. The management of the Group believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables and deposits having considered the historical settlement records, past experience, and also available reasonable and supportive forward-looking information. For the deposits for gaming licence, the amount is refundable by the Government of the Czech Republic. As at 31 March 2024 and 2023, the Group assessed that the ECL for other receivables and deposits and deposits for gaming licence was insignificant.

Loan to a related party/amount due from a fellow subsidiary and an intermediate holding company

The Group has concentration of credit risk on the loan to a related party and amount due from a fellow subsidiary as at 31 March 2023.

The Group performs impairment assessment under 12-month ECL model. The management of the Group continuously monitor the credit quality and financial position of the related company and the level of exposure to ensure that the follow-up action is taken to recover the debt. In the opinion of the management of the Group, the risk of default by the related company is not significant taking into consideration of the collateral value of the loan to a related party and the Group assessed that the ECL on the balance is insignificant as at 31 March 2023 and thus no impairment loss allowance was recognised.

For amount due from a fellow subsidiary, in the opinion of the management of the Group, the probability of default is negligible as the fellow subsidiary is financially supported by the ultimate holding company, and concluded that the credit risk is insignificant. Accordingly, the ECL on the balance is insignificant as at 31 March 2023 and thus no impairment loss allowance was recognised.

These balances were fully settled during the year ended 31 March 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

34. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Bank balances/pledged bank deposits

The credit risk for bank balances and pledged bank deposits are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. There has been no history of default in relation to these banks. The Group performs impairment assessment on the bank balances and pledged bank deposits under 12-month ECL model. The management of the Group considers the risk of default is regarded as low based on the average loss rate by reference to credit ratings assigned by international credit-rating agencies. As at 31 March 2024 and 2023, the Group assessed that the ECL for bank balances and pledged bank deposits were insignificant.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off	Amount is written off

34. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month of lifetime ECL	Gross carrying amount As at 31 March 2024 HK$'000	2023 HK$'000
Amortised cost						
Trade receivables	20	N/A	Low risk	Lifetime ECL	10,188	7,058
			Loss	Lifetime ECL	53	83
Other receivables and deposits	21	N/A	Low risk	12-month ECL	7,040	4,485
Deposits for gaming licence	21	N/A	Low risk	12-month ECL	9,900	10,800
Amount due from a fellow subsidiary	22(a)	N/A	Low risk	12-month ECL	–	35,013
Amount due from an intermediate holding company	22(c)	N/A	Low risk	12-month ECL	–	–*
Loan to a related party	22(b)	N/A	Low risk	12-month ECL	–	39,165
Bank balances	23	A1-Aa2	N/A	12-month ECL	280,354	65,458
Pledged bank deposits	23	A1-Aa2	N/A	12-month ECL	4,256	4,059

* The balance represents amount less than HK$1,000.

Liquidity risk

In management of the liquidity risk, the Group monitor and maintain levels of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cashflows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest rates are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

34. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables

	Interest rate %	Less than 1 year HK$'000	1 - 2 years HK$'000	2 - 5 years HK$'000	Over 5 years HK$'000	Undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2024							
Non-derivative financial liabilities							
Trade payables	N/A	6,125	–	–	–	6,125	6,125
Other payables	N/A	9,929	–	–	–	9,929	9,929
Consideration payable (included in other payables)	3.00	2,190	370	–	–	2,560	2,449
Bank and other borrowings	3.8	9,235	8,950	38,499	7,458	64,142	61,536
		27,479	9,320	38,499	7,458	82,756	80,039
Lease liabilities	2.13	2,877	2,897	12,249	77,019	95,042	64,911
As at 31 March 2023							
Non-derivative financial liabilities							
Trade payables	N/A	6,294	–	–	–	6,294	6,294
Other payables	N/A	3,098	–	–	–	3,098	3,098
Consideration payable (included in other payables)	3.00	2,167	2,167	360	–	4,694	4,539
Bank and other borrowings	3.44	9,788	9,203	27,190	28,412	74,593	70,189
		21,347	11,370	27,550	28,412	88,679	84,120
Lease liabilities	2.15	2,810	2,828	7,792	82,546	95,976	64,866

34. FINANCIAL INSTRUMENTS (continued)

Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The management determines the appropriate valuation techniques and inputs for fair value measurements.

In determining the fair value of the investment fund, the management of the Group have made reference to the quotation from the counterparties and used market-observables data to the extent it is available.

(i) *Fair value of the Group's financial assets that are measured at fair value on a recurring basis.*

Relationships	As at 31 March 2024 HK$'000	2023 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Investment fund	–	21,089	Level 2	Based on the net asset values of the fund, determined with reference to the observable (quoted) prices of underlying investment portfolio.

(ii) *Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis.*

Except as detailed in the following table, the management considers that the carrying amounts of other financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

	As at 31 March 2024			As at 31 March 2023		
	Carrying amount HK$'000	Fair value HK$'000	Fair value hierarchy Level	Carrying amount HK$'000	Fair value HK$'000	Fair value hierarchy Level
Financial liabilities						
Bank borrowings						
– Fixed rate	38,203	33,547	Level 2	44,476	38,658	Level 2

35. MOVEMENT ON GROUP'S LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Accrued share issue costs HK$'000	Dividend payable HK$'000	Consideration payable HK$'000	Bank and other borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
As 1 April 2022	–	–	6,785	81,410	60,196	148,391
Financing cash flows	–	–	(2,246)	(13,396)	(2,434)	(18,076)
Finance costs	–	–	–	2,175	1,401	3,576
Lease reassessment	–	–	–	–	5,742	5,742
Exchange adjustments	–	–	–	–	(39)	(39)
At 31 March 2023	–	–	4,539	70,189	64,866	139,594
Financing cash flows	(6,312)	(14,034)	(2,068)	(10,688)	(2,661)	(35,763)
Finance costs	–	–	–	2,665	1,456	4,121
Lease reassessment	–	–	–	–	6,656	6,656
Commencement of new leases	–	–	–	–	109	109
Dividend declared	–	93,563	–	–	–	93,563
Issue cost incurred	9,100	–	–	–	–	9,100
Non-cash transactions (Note 40)	–	(79,529)	–	–	–	(79,529)
Exchange adjustments	–	–	(22)	(630)	(5,515)	(6,167)
At 31 March 2024	**2,788**	**–**	**2,449**	**61,536**	**64,911**	**131,684**

36. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries at the end of the reporting period and the date of this report are as follows:

Name of subsidiaries	Place and date of incorporation/ establishment	Place of operation	Issued and fully paid share capital	Equity interest attributable to the Group as at 31 March 2024 %	Equity interest attributable to the Group as at 31 March 2023 %	Principal activities
Palasino (BVI)	BVI	BVI	USD50,000	100	N/A	Inactive
Cayman Holdco	Cayman Islands	Cayman Islands	HK$1	100	N/A	Investment holding
TWG	Germany	Germany	EUR25,000	100	100	Hotel operations
TWA	Austria	Austria	EUR40,000	100	100	Hotel operations
Palasino Malta Limited	Malta	Malta	EUR100,000	100	100	Development of online gaming
Palasino Poland Sp.z.o.o (formerly known as 2 ConnectU sp.z.o.o) ("Palasino Poland") (note)	Poland	Poland	Polish Zloty ("PLN") 5,000	100	N/A	Inactive
Mikulov (note)	The Czech Republic	The Czech Republic	CZK200,000	100	N/A	Investment holding
Palasino Group	The Czech Republic	The Czech Republic	CZK100,000,000	100	100	Casino and hotel operations and investment holding

Note: As disclosed in Note 37, Palasino Poland and Mikulov were acquired during the year ended 31 March 2024.

As disclosed in Note 10, the entire equity interest of TWG was transferred from Palasino Group to the Company during the year ended 31 March 2024, therefore except for Palasino BVI, Cayman Holdco and TWG which are directly held by the Company, all the subsidiaries are indirectly held by the Company as at 31 March 2024.

None of the subsidiaries had issued any debt securities at 31 March 2024 and 2023.

37. ACQUISITION OF SUBSIDIARIES

(a) On 29 February 2024, the Group acquired the entire equity interest of Mikulov, which is engaged in holding investment properties in the Czech Republic, at cash consideration of CZK44,226,000 (equivalent to approximately HK$14,960,000). The acquisition has been accounted for as an asset acquisition.

Assets acquired and liabilities recognised at the date of acquisition

	HK$'000
Investment properties	14,597
Trade and other receivables	123
Cash and cash equivalents	591
Other payable	(351)
	14,960

The receivables acquired (which principally comprised trade receivables) with a fair value of HK$123,000 at the date of acquisition had gross contractual amounts of HK$123,000.

Net cash outflow in acquisition of Mikulov

	HK$'000
Cash consideration paid	14,960
Less: cash and cash equivalents acquired	(591)
	14,369

(b) During the year ended 31 March 2024, the Group acquired the entire equity interest of Palasino Poland at cash consideration of approximately PLN99,000 (equivalent to approximately HK$188,000), the fair value of net assets acquired was approximately PLN30,000 (equivalent to approximately HK$58,000), and acquisition cost for bidding casino licence in Poland amounting to approximately PLN69,000 (equivalent to approximately HK$130,000) was recognised as other operating expenses. The bank balances and cash acquired were approximately PLN6,200 (equivalent to approximately HK$12,000), the net cash outflow arising on acquisition was approximately HK$176,000. Palasino Poland was licenced to conduct car lease brokerage business before the acquisition and such business was ceased on date of acquisition. The acquisition is not accounted for as a business combination, instead it is accounted for as an asset acquisition. The purpose of acquiring Palasino Poland is to bid for casino licences in Poland in the future.

38. PLEDGE OF ASSETS

The Group's bank borrowings and consideration payable had been secured by the pledge of the Group's assets and the carrying amounts of the respective assets are as follows:

	2024 HK$'000	2023 HK$'000
Pledged bank deposits	**4,256**	4,059
Property and equipment	**115,874**	123,461
	120,130	127,520

Apart from above pledged assets, the Group also pledged the entire shareholding of TWA for the bank borrowings as at 31 March 2024 and 2023.

39. CAPITAL COMMITMENTS

	2024 HK$'000	2023 HK$'000
Capital expenditure in respect of the acquisition of property and equipment contracted for but not provided in the consolidated financial statements	**5,874**	5,885

40. NON CASH TRANSACTIONS

On 8 September 2023, a deed of assignment and novation has been signed among the Company, BC Mortgage and FECL, under which the Company has agreed to novate all of its rights and obligations of a loan due from BC Mortgage amounting to GBP4,000,000 (equivalent to approximately HK$39,600,000) to FECL.

On 8 September 2023, a deed of novation has been signed among the Company, FEC UK and FECL under which FECL has agreed to novate all the obligations and interest of a debt due to the Company amounting to GBP2,586,687 (equivalent to approximately HK$26,254,000) to FEC UK.

On 8 September 2023, 2 deeds of novation have been signed among the Company, FEC UK and Singford, under which Singford has agreed to novate all the obligations and interest of 2 debts due to the Company amounting to USD4,591,070 (equivalent to approximately HK$35,948,000) and EUR2,024,164 (equivalent to approximately HK$17,327,000), respectively to FEC UK.

On 8 September 2023, Palasino Group declared a dividend of CZK267,323,421 (equivalent to approximately HK$93,563,000). The dividend payables was partially offset by the amount due from FEC UK amounting to approximately HK$79,529,000 and partially settled by withholding tax paid on behalf of FEC UK amounting to approximately HK$14,034,000.

41. OPERATING LEASE ARRANGEMENTS

The Group as lessor

The Group's investment properties have committed leases for next 1 to 4 years (2023: nil).

Minimum lease payments receivables on leases are as follows:

	2024 HK$'000	2023 HK$'000
Within one year	**682**	–
In the second year	**508**	–
In the third year	**508**	–
In the fourth year	**125**	–
	1,823	–

42. SUBSEQUENT EVENTS

Subsequent events of the Group are detailed as below.

On 15 April 2024, the Group placed a restricted bank deposit of CZK52,680,000 (equivalent to approximately HK$17,384,000) and pledged certain land and buildings with a bank as the security in order to instruct a bank to issue a guarantee of CZK120,000,000 (equivalent to approximately HK$39,600,000) as additional refundable gaming deposit in compliance with the requirement of New Czech Gambling Act.

On 23 April 2024, the Company additionally issued 6,594,000 shares at HK$2.6 per share for the over-allotment option of the global offering. The net proceeds are approximately HK$15,200,000.

43. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at 31 March 2024 HK$'000
Non-current Assets	
Investments in subsidiaries	1,761,989
Right-of-use assets	109
	1,762,098
Current Assets	
Amounts due from subsidiaries	101
Cash and cash equivalents	230,678
	230,779
Current Liabilities	
Other payables	8,714
Amounts due to subsidiaries	126,143
Lease liabilities	35
	134,892
Net current assets	95,887
Total assets less current liabilities	1,857,985
Non-current Liability	
Lease liabilities	74
Net assets	1,857,911
Capital and reserves	
Share capital (Note 30)	8,000
Reserves	1,849,911
Total equity	1,857,911

43. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

Movement in the Company's reserves

	Share premium HK$'000	Capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 6 July 2023 (date of incorporation)	–	–	–	–
Loss for the period and other comprehensive income for the period	–	–	(26,339)	(26,339)
Total comprehensive expense for the period	–	–	(26,339)	(26,339)
Deemed contribution from shareholder	–	9,411	–	9,411
Share capitalisation (Note 30(b))	(7,143)	–	–	(7,143)
Issue of shares under the IPO (Note 30(c))	221,999	–	–	221,999
Transaction costs attributable to the IPO	(9,100)	–	–	(9,100)
Group reorganisation	–	1,661,083	–	1,661,083
At 31 March 2024	205,756	1,670,494	(26,339)	1,849,911

List of Principal Properties

PROPERTY DEVELOPMENT/INVESTMENT PROPERTY

Codes of "Types of Property": H — Hospitality and Gaming
I — Investment properties

Name of property and location		Group's interest
Europe		
1.	Hotel Columbus Am Reitpfad 4, 63500 Seligenstadt, Germany	100%
2.	Hotel Freizeit Auefeld Hallenbadstraße 33, Hann. Münden 34346, District Göttingen in Lower Saxony, Germany	100%
3.	Hotel Kranichhöhe Bövingen 129, Much, District Rhein-Sieg in North Rhine-Westphalia, Germany	100%
4.	Hotel Donauwelle Am Winterhafen 13., Linz, Oberösterreich (Upper Austria), Austria	100%
5.	Hotel Savannah Chvalovice-Hatě 198 & 199, Znojmo 669 02 & Derflice, Načeratice Czech Republic	100%
6.	Palasino Furth im Wald Česká Kubice 64 & Horní Folmava, 34532 Česká Kubice, Czech Republic	100%
7.	Palasino Wullowitz Dolní Dvořiště 225, 38272 Dolní Dvořiště, Czech Republic	100%
8.	Palasino Excalibur City Chvalovice-Hatě 198 & 199, Znojmo 669 02 & Derflice, Načeratice Czech Republic	100%
9.	Retail Park Mikulov 28, října 1794/1a PSČ 692 01 Mikulov na Moravě Czech Republic	100%

Approximate floor area (m^2)	Types of property	Stage of completion	Expected completion (financial year)
6,845	H	Completed	Existing
11,379	H	Completed	Existing
12,009	H	Completed	Existing
10,782	H	Completed	Existing
9,240	H	Completed	Existing
2,765	H	Completed	Existing
3,445	H	Completed	Existing
3,438	H	Completed	Existing
6,086	I	Completed	Existing

Glossary

This glossary contains terms used in this annual report in connection with us and our business. Some of these terms and their meanings may not correspond to standard industry meanings or usage of such terms.

"average daily room rate"	room revenue divided by the number of rooms in use
"cage"	a secured area within a casino where records of transactions are kept, money is counted and chips can be exchanged for cash
"casino"	a facility or building offering games of chance including table games such as Roulette, Blackjack and technical games such as slot machines. In some casinos, peer-to-peer games such as poker are also available
"chip"	token that is used on casino gaming tables in lieu of cash
"dealer"	a casino employee who is responsible for providing the services at a gaming table including spinning the ball on roulette and placing the customer bets and calculating the wins, as well as shuffling and dealing the cards on card tables such as blackjack and staffs other games offered
"drop"	the amount of cash deposited in a gaming table's drop box
"drop box"	a box or container securely fixed under the gaming table that serves as a repository for cash exchanged at the gaming tables for chips
"EBITDA"	earnings before interest income, finance costs, income tax and depreciation and amortisation
"gaming"	in the context of an industry sector, as defined by CIC, the industry sector consisting of slot machines, live games, sports betting, poker, raffles, lottery, etc.

Glossary

"gaming area" or "gaming floor"	a particular part of a facility that provides casino games consisting of slot machines, table games, poker and other casino games
"gaming revenue"	revenue of casino gaming activities after deferring the liabilities arising from customer loyalty programs based on the relevant accounting policy before deduction of gaming tax
"gaming tax"	the percentage level of tax levied on GGR: (i) in the Czech Republic, 35% on slot machine and 23% on live games during the financial years, and the percentage level of tax levied on GGR on live games increased from 23% to 30% on 1 January 2024; (ii) in Malta, 5% on all GGR plus a compliance contribution on global GGR on all slots games and live games, calculated on a sliding scale, with the annual compliance contribution becoming due ranging between EUR15,000 (equivalent to HK$128,250) and EUR375,000 (equivalent to HK$3,206,250)
"GFA"	gross floor area
"GGR" or "gross gaming revenue"	gross revenue from casino gaming activities (i.e. slot machine gross win and table game gross win), calculated before deduction of gaming tax
"live game"	live games are played by players against dealer, or against each other at land-based gaming tables or online websites
"occupancy rate"	(i) for hotel and catering operations, the number of rooms in use divided by the number of available rooms for a given period (ii) for gaming operations, number of slot machines that are actively being used by players divided by total number of slot machines available for a given period 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
"RevPAR"	revenue per available room, calculated by room revenue during a period divided by the number of available rooms of such hotel during the same period

Glossary

"slot machine drop"	the total amount of slot machine bets made (coin in) in the slot machines
"slot machine gross win"	the total amount of slot machine bets made (coin in) minus slot machine bets paid out (coin out) that is retained as winnings
"slot machine hold percentage"	slot machine gross win divided by slot machine drop
"slot machines"	electromechanical game machines including mainly traditional slot machines, electromechanical roulettes and electromechanical dices
"sq.m."	square meter
"table game drop"	the total amount of drop collected in the table games drop boxes plus any cash exchanged for chips at the cage
"table game gross win"	the amount of drop that is retained as winnings
"table games"	typical casino games played by players against dealer, including roulette and card games such as blackjack, or against each other in poker cash games or tournament

PALASINO