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**FAR EAST CONSORTIUM INTERNATIONAL LIMITED**

**遠東發展有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

*Website: <http://www.fecil.com.hk>*

**(Stock Code: 35)**

**UPDATE ON THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF  
PALASINO HOLDINGS LIMITED ON THE MAIN BOARD OF  
THE STOCK EXCHANGE OF HONG KONG LIMITED**

**PUBLICATION OF THE PROSPECTUS ISSUED BY  
PALASINO HOLDINGS LIMITED AND  
EXPECTED SIZE OF THE GLOBAL OFFERING AND OFFER PRICE**

**DISCLOSEABLE TRANSACTION**

\* For identification purposes only

The Board is pleased to announce that Palasino has published the Prospectus on 18 March 2024 in relation to the Proposed Spin-off and the Global Offering. The Prospectus is available for viewing and downloading from the websites of Palasino at [www.palasinoholdings.com](http://www.palasinoholdings.com) and the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) from 18 March 2024.

As disclosed in the Prospectus, the Global Offering comprises: (i) the Hong Kong Public Offering of initially 14,286,000 Palasino Offer Shares (subject to reallocation) in Hong Kong, representing approximately 10.0% of the total Palasino Offer Shares initially available under the Global Offering; and (ii) the International Offering of initially 128,571,000 Palasino Offer Shares (comprising 71,428,000 New Palasino Shares initially being offered by Palasino for subscription and 57,143,000 Sale Shares initially being offered for sale by the Selling Shareholder (including 14,286,000 Reserved Shares under the Preferential Offering)) (subject to reallocation and the Over-allotment Option), outside the United States, representing approximately 90% of the total Palasino Offer Shares initially available under the Global Offering.

The 142,857,000 Palasino Offer Shares in the Global Offering will represent approximately 17.86% of the total number of Palasino Shares in issue immediately upon completion of the Global Offering, without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Palasino Offer Shares will represent approximately 20.21% of the total number of the Palasino Shares in issue immediately upon completion of the Global Offering.

The offer price for the Palasino Offer Shares in the Global Offering is HK\$2.60 per Palasino Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and Accounting and Financial Reporting Council transaction levy of 0.00015%).

The Proposed Spin-off constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. Based on the information available as at the date of this announcement, as the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the Proposed Spin-off is expected to be more than 5% but less than 25%, the Proposed Spin-off constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

## INTRODUCTION

References are made to the announcements of the Company dated 27 September 2023, 23 February 2024, 14 March 2024 and 15 March 2024 (the “**Announcements**”) in relation to the Proposed Spin-off. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

## **PUBLICATION OF THE PROSPECTUS**

The Board is pleased to announce that Palasino has published the Prospectus on 18 March 2024 in relation to the Proposed Spin-off and the Global Offering. The Prospectus contains, among others things, (i) details of the number of the Palasino Offer Shares to be offered in the Global Offering, the offer price, and other details of the Global Offering; and (ii) certain business and financial information in relation to Palasino and its subsidiaries.

The Prospectus is available for viewing and downloading from the websites of Palasino at [www.palasinoholdings.com](http://www.palasinoholdings.com) and the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) from 18 March 2024. Palasino has adopted a fully electronic application process for the Global Offering. Palasino will not provide printed copies of the Prospectus or printed copies of any application forms to the public in relation to the Global Offering.

## **PREFERENTIAL OFFERING**

Qualifying Shareholders will be provided with the Assured Entitlement to an aggregate of 14,286,000 Reserved Shares in the Preferential Offering (representing approximately 10.0% of the Palasino Offer Shares initially available under the Global Offering, without taking into account any Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option) and the basis of the Assured Entitlement is one (1) Reserved Share for every integral multiple of 198 Shares held by qualifying Shareholders as at 4:30 p.m. on Monday, 11 March 2024, being the Record Date. The Reserved Shares will be offered out of the Palasino Offer Shares initially being offered for subscription and purchase under the International Offering and will not be subject to reallocation between the Hong Kong Public Offering and the International Offering.

Qualifying Shareholders will receive a copy of the Prospectus in the manner in which they have elected to receive corporate communications under the Company's corporate communications policy. The procedures for applying for the Reserved Shares pursuant to the Preferential Offering are set out in the Prospectus and on the designated website of **HK eIPO Blue Form** service provider, [www.hkeipo.hk](http://www.hkeipo.hk).

## **EXPECTED SIZE OF THE GLOBAL OFFERING AND OFFER PRICE**

As disclosed in the Prospectus, the Global Offering comprises: (i) the Hong Kong Public Offering of initially 14,286,000 Palasino Offer Shares (subject to reallocation) in Hong Kong, representing approximately 10.0% of the total Palasino Offer Shares initially available under the Global Offering; and (ii) the International Offering of initially 128,571,000 Palasino Offer Shares (comprising 71,428,000 New Palasino Shares initially being offered by Palasino for subscription and 57,143,000 Sale Shares initially being offered for sale by the Selling Shareholder (including 14,286,000 Reserved Shares under the Preferential Offering)) (subject to reallocation and the Over-allotment Option), outside the United States, representing approximately 90% of the total Palasino Offer Shares initially available under the Global Offering.

The 142,857,000 Palasino Offer Shares in the Global Offering will represent approximately 17.86% of the total number of Palasino Shares in issue immediately upon completion of the Global Offering, without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Palasino Offer Shares will represent approximately 20.21% of the total number of the Palasino Shares in issue immediately upon completion of the Global Offering.

The offer price for the Palasino Offer Shares in the Global Offering is HK\$2.60 per Palasino Offer Share (exclusive of brokerage 1.0%, SFC transaction levy 0.0027%, Stock Exchange trading fee of 0.00565% and Accounting and Financial Reporting Council transaction levy of 0.00015%).

On the basis of the number of the Palasino Offer Shares to be offered pursuant to the Global Offering and the offer price as stated above, if the Global Offering proceeds:

- (a) the market capitalization of Palasino will be approximately HK\$2,080 million; and
- (b) the Company, through its wholly-owned subsidiary, will hold approximately, 73.21% of the total issued share capital of Palasino immediately upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

## **CONDITIONS OF THE GLOBAL OFFERING**

The Global Offering (including the Preferential Offering) is conditional upon, amongst others, (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Palasino Offer Shares; (ii) the execution and delivery of the International Underwriting Agreement; and (iii) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the International Underwriters under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements.

An application has been made to the Stock Exchange for the listing of, and permission to deal in, the Palasino Offer Shares on the Main Board of the Stock Exchange.

Please refer to the Prospectus for details in relation to the conditions of the Global Offering. If the conditions are not fulfilled on or before the time specified therein, the Proposed Spin-off and Listing and the Global Offering will not proceed and an announcement will be published by the Company as soon as practicable thereafter.

## USE OF PROCEEDS

It is estimated that the net proceeds from the Global Offering will be approximately HK\$323.4 million, after deduction of underwriting commissions and other expenses, based on the offer price of HK\$2.60 per Palasino Offer Share.

It is currently expected that approximately (a) HK\$194.1 million of the net proceeds will be used by Palasino (i) to maintain and further consolidate Palasino's market presence in the gaming industry in the Czech Republic through asset rejuvenation; (ii) to continue to expand Palasino's gaming business in the Czech Republic, Central Europe or other markets through acquisition of business or asset and/or bidding for new gaming licence; and (iii) for additional working capital and other general corporate purposes; and (b) HK\$129.3 million of the net proceeds will be used by the Group for general working purposes.

## INFORMATION ON PALASINO

Palasino is a gaming and leisure group comprising (i) one integrated land-based casino and resort and two full-service land-based casinos operating in the Czech Republic, offering primarily slot machines and table games, and (ii) three hotels in Germany and one hotel in Austria that offer accommodation, catering, conference, and leisure services.

The relevant audited financial information of Palasino for the three years ended 31 March 2023 and the six months ended 30 September 2023, prepared in accordance with HKFRS, is set out below:

	For the year ended 31 March			For the six months ended 30 September
	2021	2022	2023	2023
	HKD'000	HKD'000	HKD'000	HKD'000
Profit before tax	3,519	49,050	61,616	26,898
Profit after tax	2,557	40,083	44,154	17,054

As at 30 September 2023, the audited consolidated net assets of Palasino was approximately HK\$297.6 million.

## Non-GAAP Financial Measures

As stated in the Prospectus, in evaluating its business, Palasino considers and uses adjusted EBITDA (non-HKFRS measure), which is a non-GAAP measure, as supplemental measures to review and assess its operating performance. Palasino believes that these non-GAAP measures facilitate comparison of operating performance from period to period. Adjusted EBITDA (non-HKFRS measure) refers to earnings before interest income, finance costs, income tax and depreciation and amortisation. The term of adjusted EBITDA is not defined under HKFRS and should not be considered in isolation or construed as alternatives to loss/profit from operations or any other measure of performance or as an indicator of Palasino's operating performance or profitability.

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

	Year ended 31 March			Six months ended 30 September	
	2021 HKD'000	2022 HKD'000	2023 HKD'000	2022 HKD'000 (unaudited)	2023 HKD'000
<b>Profit for the year/ period</b>	<b>2,557</b>	<b>40,083</b>	<b>44,154</b>	<b>22,300</b>	<b>17,054</b>
Add:					
Listing expenses	—	—	—	—	14,452
<b>Adjusted net profit (non-HKFRS measure)</b>	<b>2,557</b>	<b>40,083</b>	<b>44,154</b>	<b>22,300</b>	<b>31,506</b>
Add:					
Depreciation and amortisation	24,974	24,493	23,180	10,962	11,810
Finance costs	3,651	3,489	3,576	1,583	1,974
Income tax	962	8,967	17,462	10,400	9,844
Less:					
Bank interest income	—	52	661	351	12
Interest income from related parties	—	—	2,296	363	2,919
<b>Adjusted EBITDA (non-HKFRS measures)</b>	<b>32,144</b>	<b>76,980</b>	<b>85,415</b>	<b>44,531</b>	<b>52,203</b>

Palasino is currently owned as to 90% by the Group. Immediately upon completion of the Global Offering (and on the basis that the Over-allotment Option is not exercised), the interest of the Group in Palasino will be reduced to approximately 73.21%. Palasino will remain as a subsidiary of the Company and its results will continue to be consolidated into the financial statements of the Company. As the Global Offering will not result in the Company's loss of control over Palasino, the deemed disposal under the Global Offering will be accounted for as an equity transaction of the Company. Therefore, there will be no recognition of gain or loss in the Company's consolidated statement of profit or loss and other comprehensive income from the deemed disposal under the Global Offering.

## **REASONS FOR AND BENEFITS OF PROPOSED SPIN-OFF AND GLOBAL OFFERING**

The Board considers that Palasino's business is of a size which merits a separate listing and that the Proposed Spin-off is commercially beneficial for the following reasons:

- (a) the Proposed Spin-off provides flexibility and a separate fund-raising platform for the Spin-off Group in raising future funds from the capital markets to support its growth. As Palasino will remain as a subsidiary of the Company upon completion of the Proposed Spin-off and Listing, the Company will continue to benefit from any potential upside in the businesses to be owned by the Spin-off Group through consolidation of financial results generated by the Spin-off Group;
- (b) the Proposed Spin-off would better reflect the value of the Spin-off Group on its own merits and increase its operational and financial transparency through which investors would assess the performance and potential of the Spin-off Group separately and independently from the Remaining Group; and
- (c) the Proposed Spin-off will allow the management of both the Remaining Group and the Spin-off Group to focus more effectively on their respective businesses, thereby enhancing efficiency in their respective decision-making processes and responsiveness to market changes.

The Directors are of the view that the terms of the Proposed Spin-off are fair and reasonable, and the Proposed Spin-off is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

The Proposed Spin-off constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. Based on the information available as at the date of this announcement, as the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the Proposed Spin-off is expected to be more than 5% but less than 25%, the Proposed Spin-off constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

## **GENERAL**

The Company is an investment holding company and the principal business activities of the Group are property development, property investment, hotel operations and management, car park operations and facilities management, gaming and related operations, securities and financial product investments, and provision of mortgage services.

In connection with the Global Offering, the price of the Palasino Shares may be stabilised in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). Details of any intended stabilisation and how it will be regulated under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) are contained in the Prospectus.

**As the Proposed Spin-off is conditional upon, among other things, the approval of the Listing Committee, the final decision of the Board and the board of Palasino, market conditions and other considerations, the Proposed Spin-off may or may not materialise. Shareholders and other investors should be aware that there is no assurance that the Proposed Spin-off will take place or as to when it may take place. If the Proposed Spin-off does not proceed for any reason, the Preferential Offering will not proceed. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company. Any person who is in doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).**

This announcement is not intended to, and does not, constitute an offer to sell or a solicitation of an offer to subscribe for or purchase any Palasino Offer Shares in connection with the Global Offering or otherwise. Any such offer or solicitation is made solely through the Prospectus or other offering documents that may be issued in compliance with applicable laws and any decision to subscribe for or purchase the Palasino Offer Shares in connection with the Global Offering or otherwise should be made solely on the basis of the information contained in the Prospectus and such other offering documents. No action has been or will be taken in any jurisdiction (other than in Hong Kong) that would permit a public offering of the Palasino Offer Shares to be offered in the Global Offering in any jurisdiction where action for that purpose is required.

Further announcement(s) will be made by the Company in relation to the Proposed Spin-off and the Global Offering as and when appropriate.

## **DEFINITION**

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

“EBITDA”	earnings before interest income, finance costs, income tax and depreciation and amortisation;
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering;
“Hong Kong Underwriting Agreement”	the underwriting agreement entered into by, among others, Palasino and the Hong Kong Underwriters relating to the Hong Kong Public Offering;
“International Underwriters”	the underwriters of the International Offering;
“International Underwriting Agreement”	the underwriting agreement to be entered into by, among others, Palasino and the International Underwriters in relation to the International Offering;



“New Palasino Shares”	the 85,714,000 Palasino Shares to be offered by Palasino for subscription pursuant to the Global Offering;
“Over-allotment Option”	the option expected to be granted by Palasino and the Selling Shareholder to the International Underwriters, exercisable by the Sole Overall Coordinator (for itself and on behalf of the International Underwriters) pursuant to which Palasino may be required to issue and allot up to an aggregate of 12,857,000 additional Palasino Offer Shares and the Selling Shareholder may be required to sell up to an aggregate of 8,571,000 additional Palasino Offer Shares to cover over-allocations (if any) in the International Offering;
“Palasino Offer Shares”	(i) the 14,286,000 New Palasino Shares initially being offered by Palasino for subscription pursuant to the Hong Kong Public Offering (subject to reallocation); and (ii) the 71,428,000 New Palasino Shares initially being offered by Palasino for subscription and the 57,143,000 Sale Shares initially being offered for sale by the Selling Shareholder under the International Offering (including, for the avoidance of doubt, 14,286,000 Reserved Shares under the Preferential Offering), subject to reallocation, together with, where relevant, any additional Palasino Shares to be issued by Palasino and sold by the Selling Shareholder pursuant to the exercise of the Over-allotment Option, subject to reallocation;
“Sale Shares”	the 57,143,000 Palasino Shares initially being offered for sale by the Selling Shareholder under the Global Offering, and to the extent the Over-allotment Option is exercised, together with up to an aggregate of 8,571,000 additional Palasino Shares to be offered for sale by the Selling Shareholder;
“Selling Shareholder”	Ample Bonus Limited, a wholly-owned subsidiary of the Company;
“SFC”	the Securities and Futures Commission;

“Sole Overall Coordinator” the sole overall coordinator as named in the section headed “Directors and Parties Involved in the Global Offering” in the Prospectus; and

“Underwriters” the Hong Kong Underwriters and the International Underwriters.

By order of the Board of  
**Far East Consortium International Limited**  
**Wai Hung Boswell CHEUNG**  
*Company Secretary*

Hong Kong, 18 March 2024

*As at the date of this announcement, the Board comprises six executive Directors, namely Tan Sri Dato’ David CHIU, Mr. Cheong Thard HOONG, Mr. Dennis CHIU, Mr. Craig Grenfell WILLIAMS, Ms. Wing Kwan Winnie CHIU and Ms. Jennifer Wendy CHIU; and three independent non-executive Directors, namely Mr. Kwong Siu LAM, Mr. Wai Hon Ambrose LAM and Mr. Lai Him Abraham SHEK.*