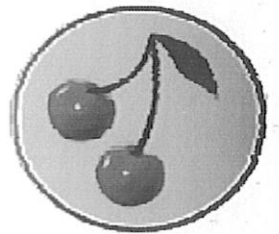


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PIONEER *Slots*



XIUYING YAN T/A LIN BAR

EXECUTIVE SUMMARY

Introduction

Xiuying Yan t/a Lin is [REDACTED] owned by a black empowerment female. The partners took the decision to apply for a Type-C licence in Aberdeen, after conducting a year-long, in-depth study, focusing on the demographics and economic viability of this town.

Lin Bar has prepared its proposal for a Type C Site Licence (LPMs Licence) in the response to the final Request for Proposal (“the RFP”) issued by the Eastern Cape Gambling and Betting Board (“the ECGBB”) in September 2022. This Entire proposal has been made to ensure that the ECGB’s requirements have been satisfied. The structure of the executive summary conforms the structure outline in part 4.1 of the RFP and to the numbering and sequencing of the content. Supplementary information has also been provided as stipulated within the RFP, and this information is attached and cross-referenced. In adherence to the requirements of Regulation 60(2) of the Act, the company decided to give the name “**Lin Bar**” to the business, which does not depict any dominance of gambling over the rest of the primary business.

The company has security of tenure in the form of a 5-year lease agreement, signed by all parties, providing proof of a long term commitment (Kindly refer to Annexure I – Lease Agreement). The establishment will have a liquor licence that will cater for on-consumption liquor license. The financial models, which demonstrate the sustainability of the proposed primary business and secondary LPM operation, are based upon conservative projections.

We request the following key considerations to be taken into account by the ECGBB in considering **Lin Bar** application for the Type-C licence in question, as we demonstrate both the value-added benefits inherent in the bid, and the sustainability of the proposed business and LPM operations:

- A) There are existing retail stores around the area that are limited to the sale of goods, foodstuffs and catering services and no entertainment that meets the stringent eligibility criteria stipulated in the applicable legislation for licensed participation in the LPM industry.
- B) There are few, respectable or sustainable entertainment facilities in Aberdeen situated about 900m from the proposed site - and the entertainment needs to accommodate its growth potential.
- C) The Applicant and its Management Team have both the capital resources and operational experience required to implement the projects seamlessly and boast the necessary expertise to maximise GGR returns within a socially responsible framework.

- D) **Lin Bar** will proactively monitor and assist in the closure of illegal gambling activities as this has a negative impact in the economy.

Applicant and project team

The Applicant

Registered Name: **Lin Bar**
Company Registration No: **N/A**
Income Tax No: **N/A**
Auditors: **TBA**
VAT No: **TBA**
Address: **17 Hope Street, Aberdeen**

The Applicant has entered into an agreement with Pioneer Slots (Pty) Ltd, its Route Operator of choice. As such, the Management of the Applicant will benefit enormously from Pioneer's proven operating experience in the industry and the substantial resources, both nationally and provincially, upon which Pioneer is able to draw in the conduct of the Group's licensed activities.

The Project Team

Key persons/entities:

1) Xiuying Yan

ID:

[REDACTED]

Address:

08 Hope Street,
Aberdeen, 6270

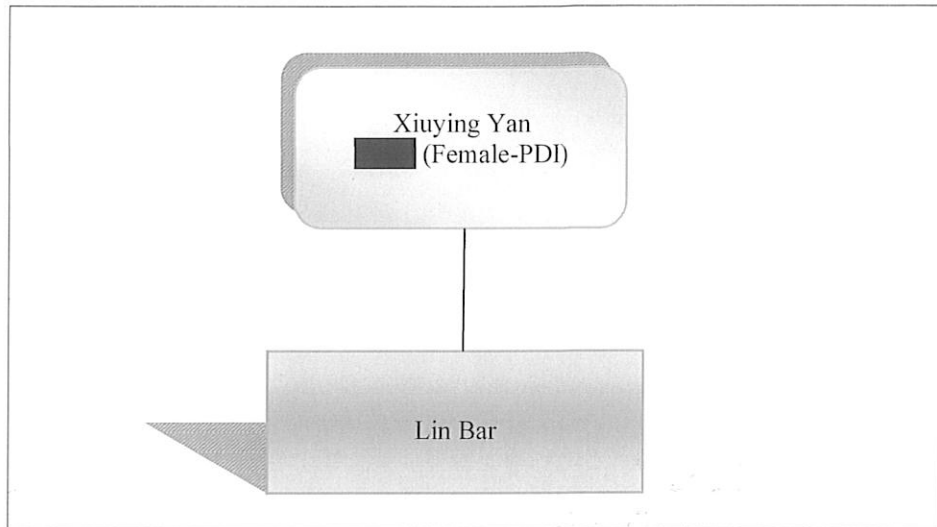
(Member/Director)

3) Pioneer Slots (Pty) Ltd

Reg. No: 2011/103218/07

(Route Operator)

The Organogram below outlines the shareholding structure, consistent with the B-BBEE requirements:



1.3 Development and operating experience

The Applicant's Management Team boasts collective experience in operating and managing Primary businesses of different types and the successful operation of tourism and leisure business undertakings. A brief synopsis of the individual credentials of the Management Team is set forth below:

Xiuying Yan



Pioneer Slots (Pty) Ltd

The extensive knowledge and experience of the Applicant's Management Team will, however, also be significantly complemented by that of Pioneer Slots (Pty) Ltd. reg 2011/103218/07, 54, 24 Evatt Street, Central, Port Elizabeth which, has a formidable track record in the gaming industry.

Through Pioneer Slots, the Applicant will have access to:

A dedicated provincial component, in the form of the licensed route operator, focusing on site retention and business development;

- licensing and operational compliance;
- technical maintenance, and
- training of site owners and their staff.

A fully-fledged provincial Head Office, comprising 20 staff members, providing on-going assistance and resources in respect of:-

- project planning, establishment of infrastructure and operations, and assistance in the roll-out process
- national licence and compliance issues;
- on-going skills transfer to site-based staff;
- financial administration;
- information technology, and
- human resources.

An established and fully functional Technical & Call Centre component, which provides a 24-hour Call Centre, incorporating:-

- a 24-hour technical helpline;
- customer relations service;
- co-ordination of technical assistance to sites;
- an LPM testing centre;
- an LPM pre-installation testing centre (for quality control purposes), and
- a research and development centre.

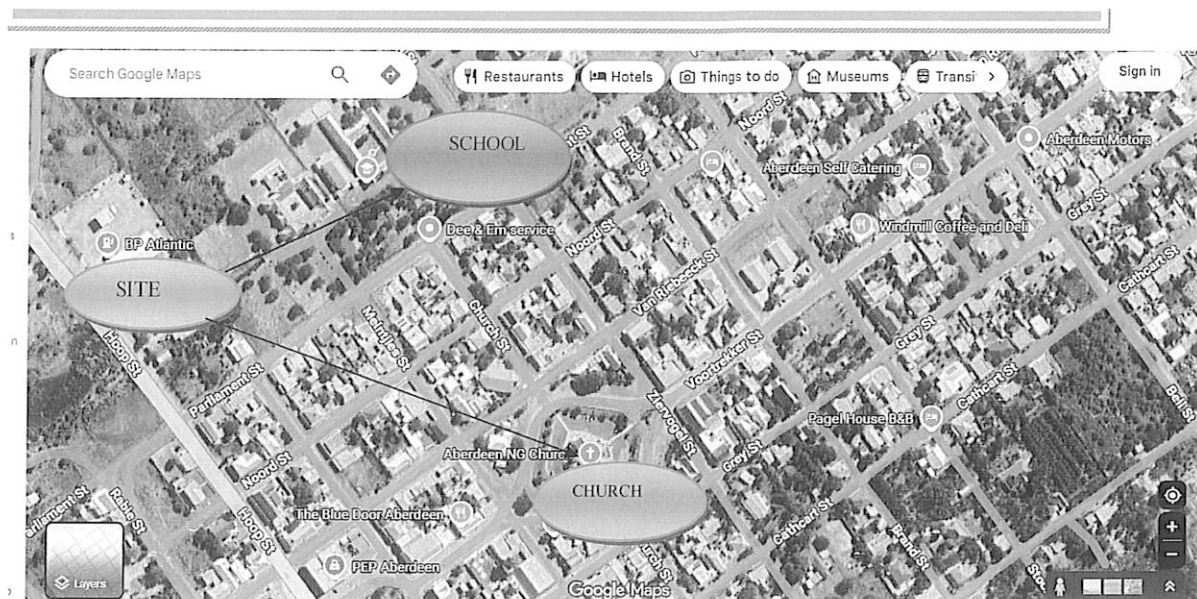
Lin Bar has entered into a site agreement with Pioneers slots (Kindly refer to Appendix J – Standard Site Agreement).

1.4 Summary of project concept

Proposed location of Hotspot Graaff Reinet

A lease, in respect of Erf 1116 consisting of [REDACTED] has been secured at 17 Hope Street, Aberdeen, in the Dr Beyers Naude Local Municipality area.

XIUYING YAN T/A LIN BAR



SITE

Lin Bar, 17 Hope Street, Aberdeen

SCHOOL

206m from Site to the Aberdeen Secondary School

CHURCH

385m from Site to Aberdeen NG Church

Site Lease Agreement (See Annexure I)

a) *Project concept and the development schedule*

The primary business of the **Lin Bar** provides an innovative successful mix of facilities; licensed bar with satellite television and pool tables. The mix will only creatively diversify the business offer over time but also provide patrons with a wide range of gambling, leisure and entertainment facilities, increasing the attractiveness of the venue. The significant contribution of the business toward economic wellbeing of Aberdeen communities, in general, is further evidenced by the fact that **Lin Bar** will be creating direct, permanent positions for no fewer than 5 persons, mostly if not all, residents of Aberdeen, with our first preference being the needy unemployed residents from the immediate surroundings of the site.

With the substantial and diverse entertainment posed by the primary business, the operation of limited payout machines as a secondary form of business on the site can easily be accommodated without any undue delay. The total site area is 350 sq. meters, of which

1.5 Project viability and financial returns

(a) Summary of sourcing, level and nature of financing and the ability to meet financial obligations

It is estimated that Infinity will require funding relating to the project as follows:

	R
Non-refundable application fee	1,000
Investigation deposit	35,000
Licencing of key employees 3 x employees @ R1805 each	5415
Licencing of gaming employees 2 x employees @ R925 each	1850
Site development costs	████████
TOTAL	████████

The funding of the project and financial obligations will primarily be met by Ms Xiuying Yan.

(b) Summary of the estimated financial returns from the project over the licence period

Were the site to be licensed in June 2026, it is estimated to provide an estimated ██████████ the GGR over the license period, of which ██████████ relate to the site's share. It is also estimated that the primary business will generate additional revenue of ██████████ over the license term as the direct result of the introduction of the LPMS. The projected net revenue not only enhances the profitability and cash flow of the site, it also generates an estimated ██████████ in contribution to Corporate Social Investment over the term of the license. As the major capital expenditure is incurred at the commencement of the project and estimated to be settled within 36 months of commencement of operations, all profits will be a direct contribution to the cash flow of the entity.

In addition to the above, it is estimated that the site will contribute:

- **R4,648,410** to the ECGB in respect of gaming taxes (R4,336,610) and licence fees (R311,800); and

- R7, 213,100 to SARS in respect of income taxes (R2, 245,800), VAT (R2, 960,200), Dividends Tax (R779, 600) and Payroll Taxes (R1, 227,500).

Key assumptions used in the forecasts are:

Gross Gaming Revenue (GGR) per machine per day	R10 500
Number of LPMs installed	19
Annual revenue growth in primary and secondary businesses	
Year 1	8%
Years 2-5	8%
Year 6 to termination	8%
% increase in operating costs	6%
Statutory tax rate	28%
VAT	14%

Project viability is forecast by the market demand assumptions that have been used to determine revenue scenarios. The basis for the market demand study is an analysis of the tendency to gamble among South Africans, expressed as a percentage of the collective

disposable income. Various research studies have indicated that the prevailing propensity to gamble is 1.05% of disposable income.

The attached Financial Projections clearly illustrate the financial viability and sustainability of various aspects of the project. **(See Appendix D)**

1.6 Benefits to the Economy

Should the Applicant be successful in its application for a Type-C license, the licensed operations will yield the following tangible economic benefits to the Eastern Cape generally and to the people of Aberdeen in particular: Gaming Taxes, Direct, permanent locally-based employment opportunities, which are expected to account for 90% of the estimated staff complement of 5.

Indirect, locally-based employment opportunities, to be taken up during the construction phase of the project(s), which are expected to account for 90% of the total complement of 5 **indirect jobs** to be created;

The meaningful economic empowerment of local, black-owned small, medium and micro enterprises (“SMME’s”), through the consistent application of a well-developed preferential procurement plan designed to promote the accessibility to SMME’s of goods and services to be procured by the Applicant in the operation of its business, and Locally-based enterprise development initiatives, as contemplated in Section 14.3.1.3 of the RFP.