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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other appropriate independent advisers.

If you have sold or transferred all your shares in Paradise Entertainment Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

**PARADISE ENTERTAINMENT LIMITED****滙彩控股有限公司****(Incorporated in Bermuda with limited liability)***(Stock Code: 1180)****FURTHER REVISION OF THE REVISED ANNUAL CAP FOR
CONTINUING CONNECTED TRANSACTION
UNDER THE
RENEWED SUPPLY FRAMEWORK AGREEMENT
AND
NOTICE OF SPECIAL GENERAL MEETING****Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders****中毅資本有限公司****Grand Moore Capital Limited**

A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 18 to 19 of this circular.

A letter from Grand Moore Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 41 of this circular.

A notice convening the SGM to be held at Unit C, 19th Floor, Entertainment Building, 30 Queen's Road Central, Hong Kong on Thursday, 28 July 2022 at 3:00 p.m. is set out on pages 45 to 47 of this circular. A form of proxy for use is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hk1180.com>).

Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited, of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

* *For identification purposes only*

7 July 2022

PRECAUTIONARY MEASURES FOR THE SGM

In light of the Coronavirus Pandemic (“Covid-19”), and recent guidelines for prevention and control of its spread, the Company will implement the following preventive measures at the SGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:

- compulsory body temperature check will be conducted and hand sanitiser shall be used for every Shareholder or proxy at the entrance of the SGM venue. Any person with a body temperature of over 37.5 degrees Celsius or is exhibiting flu-like symptoms will be denied entry into or be required to leave the SGM venue;
- all Shareholders or proxies are required to wear surgical face masks throughout their attendance of the SGM;
- the Company will maintain a soft distance between seats;
- no refreshment or drinks will be served and no corporate gifts will be distributed; and
- every attendee is required to complete a health declaration and personal information form (which may be used for contact tracing, if required) and submit the same at the entrance of the SGM venue before admission into the SGM venue.

Any person who does not comply with the precautionary measures or is subject to any Hong Kong government prescribed quarantine may be denied entry into or be required to leave the SGM venue. The Company encourages the Shareholders to consider appointing the chairman of the SGM as his/her proxy to vote on the relevant resolutions at the SGM, instead of attending the SGM in person to reduce the risk of infection due to overcrowding.

Subject to the development of the pandemic, the Company may implement further procedures and precautionary measures at short notice and may issue further announcement as appropriate.

Shareholders should check the Company’s website or the Stock Exchange’s website for updates on the latest arrangement of the SGM.

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DEFINITION

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

“2021 Renewed Supply Framework Agreement”	the renewed supply framework agreement dated 10 December 2020 entered into between the Company and Mr. Feng, details of which are set out in the announcement of the Company dated 10 December 2020
“Approval Date”	the date on which the Company has obtained the Independent Shareholders Approval
“associate(s)”	shall have the meaning ascribed to it under the Listing Rules
“August Profit”	August Profit Investments Limited, a company incorporated in the British Virgin Islands which is wholly-owned by Mr. Jay Chun (the controlling Shareholder, the executive Director, the Chairman and the Managing Director of the Company)
“Board”	the board of Directors
“Bye-Laws”	the bye-laws of the Company as amended from time to time
“Company”	Paradise Entertainment Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1180)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Customers”	Mr. Feng, and the companies controlled by him which will purchase or lease the Products from the Company
“Director(s)”	the director(s) of the Company
“First Supplemental Agreement”	the supplemental agreement dated 28 April 2022 entered into between the Company and Mr. Feng to amend the annual cap of HK\$17 million under the Renewed Supply Framework Agreement to the Revised Annual Cap of HK\$24 million for the year ending 31 December 2022, further details of which are set out in the announcement of the Company dated 28 April 2022

DEFINITION

“Further Revised Annual Cap”	the proposed further revised annual cap of HK\$58 million under the Second Supplemental Agreement in respect of the transactions contemplated under the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, which has been established for the purpose of advising the Independent Shareholders in respect of the non-exempt continuing connected transaction relating to the Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap)
“Independent Financial Adviser”	Grand Moore Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the terms of the Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap)
“Independent Shareholders”	the Shareholders who are not required under the Listing Rules to abstain from voting to approve the non-exempt continuing connected transaction relating to the Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap)
“Independent Shareholders Approval”	the approval of the Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap) by the Independent Shareholders at the SGM in accordance with the Listing Rules
“independent third party(ies)”	any entity or party which is not connected (as defined in the Listing Rules) to the Directors, substantial Shareholders or chief executives of the Company or its subsidiaries, or any of their respective associates

DEFINITION

“Latest Practicable Date”	28 June 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Lease Agreement(s)”	the lease agreement(s) to be entered into between the Customers and members of the Group for the lease of the Products from members of the Group to the Customers in accordance with the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“Mr. Feng”	Mr. Linyi Feng, the brother-in-law of Mr. Jay Chun (the controlling Shareholder, the executive Director, the Chairman and the Managing Director of the Company)
“Products”	slot machines and other electronic gaming machines, devices, equipment and systems, and the hardware, components, accessories, parts and materials thereof, the additions thereto, and other related products, to be supplied or procured to be supplied by the Company or the Group to the Customers pursuant to the terms and conditions of the Renewed Supply Framework Agreement
“Purchase Order(s)”	the purchase order(s) to be placed by the Customers with members of the Group, or individual supply agreement(s) to be entered into between the members of the Group and the Customers, for the purchase of the Products by the Customers from members of the Group in accordance with the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement)
“Renewed Supply Framework Agreement”	the renewed supply framework agreement dated 14 December 2021 entered into between the Company and Mr. Feng, details of which are set out in the announcement of the Company dated 14 December 2021
“Revised Annual Cap”	the revised annual cap of HK\$24 million under the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement) as set out in the announcement of the Company dated 28 April 2022

DEFINITION

“Second Supplemental Agreement”	the second supplemental agreement dated 2 June 2022 entered into between the Company and Mr. Feng to revise the Revised Annual Cap of HK\$24 million under the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement) to the Further Revised Annual Cap of HK\$58 million for the year ending 31 December 2022
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Special General Meeting” or “SGM”	a special general meeting of the Company to be convened for the purpose of considering and, if think fit, approving, among others, the Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial shareholder(s)”	shall have the meaning ascribed to it under the Listing Rules
“U.S.”	the United States of America
“%”	per cent

LETTER FROM THE BOARD



PARADISE ENTERTAINMENT LIMITED

滙彩控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1180)

Executive Directors:

Mr. Jay CHUN, Chairman and Managing Director

*(also alternate Director to Mr. SHAN Shiyong,
alias, SIN Sai Yung)*

Mr. SHAN Shiyong, alias, SIN Sai Yung

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent Non-executive Directors:

Mr. LI John Zongyang

Mr. Kai-Shing TAO

Ms. TANG Kiu Sam Alice

*Head Office and Principal Place of
Business:*

Unit C, 19th Floor

Entertainment Building

30 Queen's Road Central

Hong Kong

7 July 2022

To the Shareholders

Dear Sir/Madam,

**FURTHER REVISION OF THE REVISED ANNUAL CAP FOR
CONTINUING CONNECTED TRANSACTION
UNDER THE
RENEWED SUPPLY FRAMEWORK AGREEMENT**

1. INTRODUCTION

The purpose of this circular is to provide you with, among other things, (i) further details regarding the Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap); (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice to convene the SGM to approve, among other things, the Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap).

* For identification purposes only

LETTER FROM THE BOARD

2. BACKGROUND

Reference is made to the announcements of the Company dated 14 December 2021 and 28 April 2022 in relation to the continuing connected transaction contemplated under the Renewed Supply Framework Agreement and the First Supplemental Agreement, respectively.

On 14 December 2021, the Company (for itself and on behalf of its subsidiaries) and Mr. Feng (for himself and on behalf of companies controlled by him) entered into the Renewed Supply Framework Agreement for the supply of the Products to the Customers for a term of one year commencing from 1 January 2022 and ending on 31 December 2022. Pursuant to the Renewed Supply Framework Agreement, the annual cap for the year ending 31 December 2022 shall not be more than HK\$17 million.

On 28 April 2022, the Company (for itself and on behalf of its subsidiaries) and Mr. Feng (for himself and on behalf of companies controlled by him) entered into the First Supplemental Agreement, pursuant to which the parties agreed to amend the terms of the Renewed Supply Framework Agreement to increase the annual cap under the Renewed Supply Framework Agreement from HK\$17 million to the Revised Annual Cap of HK\$24 million for the year ending 31 December 2022. Further details of the First Supplemental Agreement and the reasons for the increase of the annual cap to the Revised Annual Cap are disclosed in the announcement of the Company dated 28 April 2022.

Set out below is a summary of the principal terms of the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement):

- Date: 14 December 2021
- Parties: (i) The Company (for itself and on behalf of its subsidiaries), as the supplier; and
- (ii) Mr. Feng (for himself and on behalf of companies controlled by him), who controls the companies which will purchase and/or lease the Products from the Group. Mr. Feng is the brother-in-law of Mr. Jay Chun (the controlling Shareholder, the executive Director, the Chairman and the Managing Director of the Company and also the director of certain subsidiaries of the Company)
- Term: One year, from 1 January 2022 to 31 December 2022
- Annual cap: HK\$24 million for the year ending 31 December 2022 (as amended by the First Supplemental Agreement)

LETTER FROM THE BOARD

Major terms

Pursuant to the Renewed Supply Framework Agreement, the Company shall supply (by itself or procure other members of the Group to supply) the Products to the Customers by way of sale and/or leasing, whereby the Customers shall further develop, assemble, enhance, or otherwise manufacture the same into customised electronic gaming products and devices for onward sale and/or leasing to gaming users in markets, including but not limited to the U.S., Canada, Australia and elsewhere in accordance with the laws and regulations of the relevant jurisdictions on a non-exclusive basis.

During the year ending 31 December 2022, the relevant members of the Group and the relevant Customers are expected to enter into:

- (i) Purchase Orders to specify the quantity, selling prices, payment terms, specifications, standards and delivery time of the Products to be supplied by way of sale; and/or
- (ii) Lease Agreements to specify the quantity, rental fee, payment terms, specifications, standards, delivery time and lease period, where applicable, of the Products to be supplied by way of leasing.

Pursuant to the terms of the Renewed Supply Framework Agreement, the supply of the Products, whether by way of sale and/or leasing, shall be based on normal commercial terms agreed after good faith and arm's length negotiations between the Company and Mr. Feng, by reference to the then prevailing market prices and/or rental rates (as applicable) of the Products offered to independent third parties by the Company, and shall be no less favourable to the Group than those terms offered to independent third parties by the Group.

Pricing and payment

According to the terms of the Renewed Supply Framework Agreement, the selling prices or the rental fees (as the case may be) of the Products shall be determined and settled in the following manner:

- (i) when supplying the Products to the Customers by way of sale:
 - the Products shall be priced at such level that represents an 8% to 10% discount from the Group's listed price of the same Products, which were, in turn, determined with reference to the then prevailing market price of corresponding Products; and
 - the Customers are required to fully pay the Group the purchase prices of any Products within 30 days upon delivery of such Products in cash through bank transfer.

LETTER FROM THE BOARD

- (ii) when supplying the Products to the Customers by way of leasing:
- the rental fees of the Products to be paid by the Customers to the Group shall be determined at such level that represents an 8% to 10% discount from the Group's listed rental fees of the same Products, which were, in turn, determined with reference to the then prevailing market rental rates of corresponding Products; and
 - the Group shall issue invoices to the Customers on a quarterly basis in respect of the rental fees payable by the Customers to the Group for the leased Products, and the Customers are required to fully pay the Group the rental fees specified in each such invoice within 30 days upon issue in cash through bank transfer.

Internal control procedures

To offer the Products to the Customers in accordance with the aforesaid policies and at selling prices and/or rental fees no less favourable to the Group than those offered by the Group to other comparable independent third parties, the Group has implemented internal control procedures to:

- (i) regularly collate updated information on the prevailing market prices and rental rates of the Products from time to time to determine the aforesaid suggested selling prices and rental fees, including but not limited to obtaining price quotations or market data in respect of selling prices and/or rental rates for independent third parties for products of comparable nature and quantity;
- (ii) perform routine checking before accepting any Purchase Orders to ensure any pricing discount given to the Customers shall be no less favourable to the Group than those pricing discounts offered to other independent third parties by the Group for comparable model and size of order of the Products; and
- (iii) perform checking before entering into any Lease Agreements to ensure that the rental fees of the Products to be leased by the Group to the Customers shall be no less favourable to the Group than the rental fees payable by independent third parties to the Group for comparable model and quantity of the Products under similar leasing arrangements.

The sale and marketing team of the Group in the U.S. headed by Mr. Kelcey Allison, Senior Vice President, Operations and Business Development of a subsidiary of the Company in the U.S., is responsible for updating market information on a monthly basis and performing the abovementioned checking each time before accepting any Purchase Orders and entering into any Lease Agreements. Mr. Allison is a member of the senior management team of the Group and his profile is disclosed in the section headed "Profile of Directors and Senior Management" of the annual report of the Company for the year ended 31 December 2021.

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The Group shall not be obliged to accept any Purchase Orders from the Customers and/or enter into Lease Agreements with the Customers for the Products on terms and conditions that are less favourable to the Group than those agreed between the Group and its independent third parties.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors will annually review the Renewed Supply Framework Agreement (as amended by the Second Supplemental Agreement), the transactions contemplated thereunder (including the Further Revised Annual Cap) and confirm that the continuing connected transactions are entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Pursuant to 14A.56 of the Listing Rules, the Company will engage its independent auditor to report on the aforesaid continuing connected transactions on an annual basis and provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions (i) have not been approved by the Board; (ii) are not, in all material respects, in accordance with the pricing policies of the Group; (iii) are not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (iv) have exceeded the Further Revised Annual Cap.

3. THE SECOND SUPPLEMENTAL AGREEMENT AND REVISION OF THE REVISED ANNUAL CAP

As the Board expects that the Revised Annual Cap of HK\$24 million under the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement) is not sufficient to meet the existing business needs of the Group, on 2 June 2022 (after trading hours), the Company (for itself and on behalf of its subsidiaries) entered into the Second Supplemental Agreement with Mr. Feng (for himself and on behalf of companies controlled by him), pursuant to which the parties agreed to amend the terms of the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement) to further increase the Revised Annual Cap of HK\$24 million to the Further Revised Annual Cap of HK\$58 million for the year ending 31 December 2022. Subject to the Independent Shareholders Approval, the Second Supplemental Agreement shall become effective from the Approval Date until 31 December 2022.

Save as the aforesaid, all the other terms of the Renewed Supply Framework Agreement shall remain unchanged. Please refer to the section headed “2. Background” above for the key terms of the Renewed Supply Framework Agreement and the related internal control procedures implemented by the Group.

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Historical transaction amounts and the revised annual caps

The following table sets out the annual caps and the historical transaction amounts for the years ended 31 December 2020 and 31 December 2021:

	For the year ended 31 December 2020	For the year ended 31 December 2021
	<i>HK\$' million</i>	<i>HK\$' million</i>
Annual cap	40.0	35.0
Historical transaction amounts	2.1	10.9

The following table sets out the original annual cap, the Revised Annual Cap, the Further Revised Annual Cap for the year ending 31 December 2022 and the historical transaction amounts up to four months ended 30 April 2022:

	For the year ending 31 December 2022
	<i>HK\$' million</i>
Original annual cap	17.0
Revised Annual Cap	24.0
Further Revised Annual Cap	58.0
Historical transaction amounts <i>(for the four months ended 30 April 2022, based on the latest unaudited management accounts of the Group available as at the Latest Practicable Date)</i>	14.6

As at the Latest Practicable Date, the Revised Annual Cap under the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement) has not been exceeded. If further adjustment to the Further Revised Annual Cap becomes foreseeable, the Company will re-comply with the requirements under Chapter 14A of the Listing Rules.

Basis for determining the Further Revised Annual Cap

The Further Revised Annual Cap of HK\$58 million is determined based on the following factors:

- (i) the historical transaction amount for the four months ended 30 April 2022 under the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement) based on the latest unaudited management accounts of the Group available as at the Latest Practicable Date, which is approximately HK\$14.6

LETTER FROM THE BOARD

million, representing approximately 60.8% of the Revised Annual Cap for the year ending 31 December 2022 and the historical transaction amount under the 2021 Renewed Supply Framework Agreement of approximately HK\$10.9 million, representing approximately 31.1% of the annual cap for the year ended 31 December 2021. In view of the fact that the historical transaction amount for the four months ended 30 April 2022 has already exceeded the historical transaction amount for the year ended 31 December 2021, together with the reasons mentioned below, the Company expects that the transaction amount for the year ending 31 December 2022 will be far higher than the amount under the Revised Annual Cap;

- (ii) the further acceleration of the number and amount of orders for the Products from the Customers in the remaining months in 2022. A number of the Products which are to be supplied to the Customers by way of sale in the total contract sum of approximately HK\$14.9 million were ordered and originally expected to be shipped to the Customers in 2021 (the “**2021 Products**”) but the relevant shipment schedules were unfortunately delayed due to the continuing outbreak of the Covid-19 variants worldwide in 2021 leading to a suspension of the operation of many shipping vessels. As a result, no revenue for the 2021 Products was recorded for the year ended 31 December 2021 and approximately HK\$5.1 million of the 2021 Products was recorded as revenue for the four months ended 30 April 2022 (the “**First Batch of 2021 Products**”). Following the stabilisation of the Covid-19 pandemic situation in 2022 which enabled the gradual resumption of the normal operation of shipping companies, the aforementioned postponed shipment schedules are expected to be resumed, and as such, the remaining amount of the 2021 Products (the “**Second Batch of 2021 Products**”) of approximately HK\$9.8 million are expected to be delivered to the Customers during the second half year of 2022 along with the Company’s estimation of the amount of the Products that may be sold in the remaining months in 2022 which was determined with reference to (i) the price and actual number of the Products sold in 2021; and (ii) the estimated prevailing market prices of the Products in the remaining months in 2022 having considered the general change in sale price of the Products as a result of the impacts from the Covid-19 pandemic on the global economy, amounting to approximately HK\$17.6 million, thereby leading to an anticipated increase in shipment of orders that are significant in value in the remaining months in 2022;
- (iii) a significant number of the Products which are to be supplied to the Customers by way of leasing has been and is expected to be changed to by way of sale in the remaining months in 2022, as advised by the Customers to the Group, mainly due to a change in customers’ preference. Generally, for sale of the Products, the Company will receive the full sale price of the Products within 30 days and recognise the sale price as revenue upon delivery of the Products to the Customers, while for leasing of the Products, the Company will receive the rental fees of the Products on a quarterly basis and recognise the rental fees as revenue on a monthly basis over the lease periods. Due to the general market decrease in the sale price of

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electronic gaming products including the Products as a result of the impacts from the Covid-19 pandemic on the global economy as well as the discount for the sale (but not leasing) of the Products offered by the Company to the Customers for bulk transactions (which discount is still within the pricing mechanism set out in the sub-section headed “Pricing and payment” above), the sale price of the electronic gaming products and devices developed or assembled by the Customers for onward sale to gaming users have therefore become more attractive to gaming users. Thus, some gaming users and hence the Customers have adjusted their business needs and prefer purchasing rather than leasing the gaming products and devices, and therefore contributed to the change of the Products to be supplied to the Customers by way of leasing to by way of sale. During the four months ended 30 April 2022, revenue of approximately HK\$8.1 million from the sale of the Products to the Customers was originally expected to be generated from leasing of the Products. For the remaining months in 2022, the Company expects that a further revenue of approximately HK\$3.9 million will be generated from the sale of the Products to the Customers which is originally expected to be generated from the leasing of the Products, a majority of which is determined with reference to a confirmed Purchase Order with the Customers as at the Latest Practicable Date. On the other hand, no revenue was or is expected to be derived from leasing of the Products which are originally planned to be sold to the Customers by way of sale in 2022;

- (iv) the aggregate revenue from the Products of approximately HK\$2.8 million for the remaining months in 2022 based on the number of the Products which is expected to be supplied to the Customers by way of leasing under a confirmed Lease Agreement of approximately HK\$1.2 million and other Lease Agreements under negotiation for the year ending 31 December 2022; and
- (v) the inclusion of a buffer in the amount of approximately HK\$9.3 million (being approximately 19.1% of approximately HK\$48.7 million, being the actual and estimated amount of the supply of the Products by the Group to the Customers under the Renewed Supply Framework Agreement (as amended by the Second Supplemental Agreement)) for the year ending 31 December 2022, for any unexpected increase in the aforesaid amount as well as any fluctuation in foreign exchange during the year ending 31 December 2022. The buffer was determined with reference to the management’s expectations that the Group could possibly capture more business opportunities under the Renewed Supply Framework Agreement in consideration of the following factors which include (i) returning demand for certain Products following the recovery of the global gaming markets from the Covid-19 pandemic; (ii) sale and/or leasing of other previously deployed but refurbished Products; (iii) orders for the Products which are now under development to be possibly launched; and (iv) the potential expansion of the Group’s and the Customers’ business to other major states in the U.S. No buffer was included in the basis for determining the Revised Annual Cap.

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In relation to item (ii) above, following the further stabilisation of the Covid-19 pandemic situation in 2022 and the agreement on the delivery schedules of the Second Batch of 2021 Products with the Customers in May 2022, the shipping of the Second Batch of 2021 Products (which was undetermined prior to the entering into the First Supplemental Agreement) is expected to take place within the second half year of 2022. Moreover, in relation to the Company's estimation of the amount of the Products that may be sold in the remaining months in 2022 of approximately HK\$17.6 million as disclosed in item (ii) above and the Company's estimation of further revenue generated from the sale of the Products to the Customers which was originally expected to be generated from leasing of the Products in the remaining months in 2022 of approximately HK\$3.9 million as disclosed in item (iii) above, in early June 2022, the Group confirmed a Purchase Order with the Customers in the total contract sum of approximately HK\$6.6 million, revenue of which will be recognised by the Group in the remaining months in 2022.

In view of the above factors, the Board has determined to further revise the Revised Annual Cap to the Further Revised Annual Cap. After taking into account of the above factors and given that the Second Supplemental Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Group, together with the benefits of entering into the Second Supplemental Agreement as set out in the section headed "4. Information about the Parties and Reasons for and Benefits of Entering into the Second Supplemental Agreement" below, the Board is of the view that the Further Revised Annual Cap is fair and reasonable.

4. INFORMATION ABOUT THE PARTIES AND REASONS FOR AND BENEFITS OF ENTERING INTO THE SECOND SUPPLEMENTAL AGREEMENT

The Group is principally engaged in the development, sale and leasing of electronic gaming equipment and systems and the provision of casino management services.

The Customers are principally engaged in the development, manufacture, distribution, sale, leasing, marketing and promotion of, among other things, electronic gaming products and devices in overseas markets including the U.S., Canada and Australia and have the requisite market presence, experience, expertise and extensive customer network in the promotion and marketing of such products and devices in these overseas markets. As such, the Board believes that the supply of the Products (by way of sale and/or leasing) to the Customers for their further development and manufacture of electronic gaming products and devices will raise the profile of the Products, enhance the Products' penetration into overseas markets and generate additional revenue for the Group which would be beneficial to the business development of the Group. Following the re-opening of casinos, the lifting of certain lockdown measures and travel restrictions in the U.S. and the gradual recovery of the global economy from the aftermath of the Covid-19 pandemic, the Group expects the number of orders for the Products placed by the Customers in 2022 to further increase.

In view of (i) the historical transaction amount for the four months ended 30 April 2022 under the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement) which has already exceeded the historical transaction amount for the year ended 31 December 2021 under the 2021 Renewed Supply Framework Agreement; (ii) the further acceleration of the number

LETTER FROM THE BOARD

and amount of orders for the Products from the Customers in the remaining months in 2022 due to the postponement of the delivery of the 2021 Products, leading to an anticipated increase in shipment of orders that are significant in value that is expected to be delivered during the second half year of 2022 along with the other shipment orders in 2022; and (iii) a significant number of the Products which are to be supplied to the Customers by way of leasing has been and is expected to be changed to by way of sale in the remaining months in 2022 as mentioned above, the Board envisages that the aggregate value of the transactions contemplated under the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement) will exceed the Revised Annual Cap in respect of the year ending 31 December 2022. In addition, in view of the continuous development of the Group's business and operational scale and the long and good cooperation between the Company and Mr. Feng, it is expected that the Group will continue to supply more Products (by way of sale and/or leasing) to the Customers. The Company has therefore entered into the Second Supplemental Agreement to revise the Revised Annual Cap of HK\$24 million to the Further Revised Annual Cap of HK\$58 million under the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement). The Group believes that the increase from the Revised Annual Cap to the Further Revised Annual Cap enables the Group to cope with the expected increase in demand of the Products by the Customers, and allows the Group to be flexible in case of potential further increase in supply of the Products to the Customers, which will in turn generate additional revenue for the Group.

In light of the terms of the Second Supplemental Agreement, the transactions contemplated thereunder (including the Further Revised Annual Cap), and the reasons and benefits mentioned above, the Directors (including the independent non-executive Directors) are of the view that (i) the Second Supplemental Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and (ii) the terms and conditions of the Second Supplemental Agreement, including the Further Revised Annual Cap, are fair and reasonable, and that the entering into of the Second Supplemental Agreement are in the interests of the Company and the Shareholders as a whole.

Save as disclosed above, all other information relating to the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement) as set out in the announcements of the Company dated 14 December 2021 and 28 April 2022 remain unchanged and shall continue to be valid for all purposes.

5. IMPLICATIONS UNDER THE LISTING RULES

Mr. Feng is the brother-in-law of Mr. Jay Chun (the controlling Shareholder, the executive Director, the Chairman and the Managing Director of the Company), and thus a deemed connected person of the Company within the meaning of the Listing Rules. Therefore, the transactions contemplated under the Second Supplemental Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, the Company has to re-comply with the announcement and independent shareholders' approval requirements (as applicable) before the Revised Annual Cap is exceeded. Given that one or more of the applicable percentage ratios (as

LETTER FROM THE BOARD

defined under the Listing Rules) in respect of the Further Revised Annual Cap under the Second Supplemental Agreement is more than 5%, the transactions contemplated thereunder are subject to the reporting, announcement, annual review and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, to advise the Independent Shareholders in connection with Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap). Grand Moore Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, as Mr. Feng is the brother-in-law of Mr. Jay Chun, Mr. Jay Chun is regarded as having a material interest in the transactions contemplated under the Second Supplemental Agreement and has accordingly abstained from voting on the Board resolution approving the Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap). Save as disclosed, there is no other Director who has a material interest in the transactions contemplated under the Second Supplemental Agreement and none of them has abstained from voting on such Board resolution.

The SGM will be convened by the Company to propose ordinary resolution(s) seeking approval from the Independent Shareholders by way of poll for the Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap). Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the Second Supplemental Agreement and the transactions contemplated thereunder and his/her/its associates shall abstain from voting on the resolution approving the same. To the best knowledge, belief and information of the Directors, having made all reasonable enquiries, Mr. Jay Chun and August Profit, held 124,160 Shares and 630,836,720 Shares, representing approximately 0.01% and 59.95% of the issued share capital of the Company, respectively, as at the Latest Practicable Date. Accordingly, each of Mr. Jay Chun, August Profit and their respective associates will abstain from voting in relation to the ordinary resolution(s) to be put forward at the SGM.

To the extent that the Company is aware having made all reasonable enquiries, as at the Latest Practicable Date:

- (i) there was no voting trust or other agreement, arrangement or understanding (other than an outright sale) entered into by or binding upon each of Mr. Jay Chun and August Profit;
- (ii) Each of Mr. Jay Chun and August Profit is not subject to any obligation or entitlement whereby they had or may have temporarily or permanently passed control over the exercise of the voting rights in respect of their Shares to a third party, whether generally or on a case-by-case basis; and

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- (iii) there is no discrepancy between each of Mr. Jay Chun and August Profit's beneficial shareholding interest in the Company as disclosed in this circular and the number of Shares in respect of which they would control or would be entitled to exercise control over the voting right at the SGM. Accordingly, no steps were undertaken by each of Mr. Jay Chun and August Profit to ensure Shares being the subject of such discrepancy do not vote as there was no such discrepancy.

To the best of the knowledge, belief and information of the Directors, having made all reasonable enquiries, save as disclosed above, no other Shareholder is required to abstain from voting on the ordinary resolution(s) regarding the Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap).

Special General Meeting and Proxy Arrangement

The notice of the SGM is set out on pages 45 to 47 of this circular for the purpose of considering and, if think fit, passing the resolutions set out therein.

Pursuant to the Rule 13.39(4) of the Listing Rules and the Bye-Laws, any vote of shareholders at a general meeting must be taken by poll except where the chairman of such meeting, in good faith, decides to allow a resolution relating purely to a procedural or administrative matter to be voted on by a show of hands pursuant to the Listing Rules. An announcement on the results of the poll will be published by the Company after the SGM in the manner prescribed under the Listing Rules.

A form of proxy for use at the SGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hk1180.com>). Whether or not you propose to attend the SGM, you are requested to complete and sign the form of proxy in accordance with the instructions printed thereon and return it, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority, to the Hong Kong branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the SGM if you so desire. If you attend and vote at the SGM, the authority of your proxy will be revoked.

For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Friday, 22 July 2022 to Thursday, 28 July 2022, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the SGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 21 July 2022.

LETTER FROM THE BOARD

6. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

7. RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that (i) the Second Supplemental Agreement and the transaction contemplated thereunder have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms (on arm's length basis or terms no less favourable to the Group than terms available from independent third parties) or better; and (ii) the terms of the Second Supplemental Agreement (including the Further Revised Annual Cap) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM.

Yours faithfully,
For and on behalf of the Board
Paradise Entertainment Limited
Jay Chun
Chairman and Managing Director



PARADISE ENTERTAINMENT LIMITED

滙彩控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1180)

7 July 2022

To the Independent Shareholders

Dear Sir/Madam,

**FURTHER REVISION OF REVISED ANNUAL CAP FOR CONTINUING
CONNECTED TRANSACTION UNDER THE RENEWED SUPPLY
FRAMEWORK AGREEMENT**

We refer to the circular of the Company dated 7 July 2022 dispatched to its Shareholders of which this letter forms part. Capitalised terms defined in the circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise you as to whether the Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap) will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and whether the terms of the Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap) are on normal commercial terms that are fair and reasonable so far as the Independent Shareholders are concerned; and how to vote on the resolutions regarding the Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap), taking into account the advice and recommendation from the Independent Financial Adviser.

Grand Moore Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

Your attention is drawn to:

- (i) the letter from the Board set out on pages 5 to 17 of this circular which contains its recommendation to the Independent Shareholders and the additional information set out in the Appendix to this circular; and
- (ii) the letter from the Independent Financial Adviser set out on pages 20 to 41 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders, together with the principal factors and reasons taken into consideration in arriving at such advice.

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Second Supplemental Agreement and the advice from the Independent Financial Adviser, we are of the view that (i) the Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap) have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms (on arm's length basis or terms no less favourable to the Group than terms available from independent third parties) or better; and (ii) the terms of the Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders vote in favour of the relevant resolutions to be proposed at the SGM in relation to Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap).

Yours faithfully,
Independent Board Committee of
Paradise Entertainment Limited
Li John Zongyang, Kai-Shing Tao and Tang Kiu Sam Alice
Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders prepared for the purpose of incorporation into this Circular.



Unit 1607, 16/F, Silvercord Tower 1, 30 Canton Road
Tsim Sha Tsui, Kowloon, Hong Kong

7 July 2022

*To the Independent Board Committee and
the Independent Shareholders of
Paradise Entertainment Limited*

Dear Sirs,

FURTHER REVISION OF THE REVISED ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTION UNDER THE RENEWED SUPPLY FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our engagement by the Company to advise the Independent Board Committee and the Independent Shareholders on the terms of the Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap) (the “**Transactions**”), the particulars of which have been set out in a circular to the Shareholders dated 7 July 2022 (the “**Circular**”) and this letter forms part of the Circular. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

Grand Moore Capital Limited has been appointed as the Independent Financial Adviser to advise (i) the Independent Board Committee and the Independent Shareholders as to whether the terms of the Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap) are on normal commercial terms and in the ordinary and usual course of business of the Group, the terms of the Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap) are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and (ii) the Independent Shareholders as to the voting in respect of the ordinary resolution(s) to be proposed at the SGM to approve the Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap). Details of the reasons for entering into the Transactions are set out in the section headed “Letter from the Board” in the Circular (the “**Board Letter**”).

References are made to the announcements of the Company dated 14 December 2021, 28 April 2022 and 2 June 2022 in relation to the continuing connected transaction contemplated under the Renewed Supply Framework Agreement, the First Supplemental Agreement and the Second Supplemental Agreement, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 14 December 2021, the Company (for itself and on behalf of its subsidiaries) and Mr. Feng (for himself and on behalf of companies controlled by him) entered into the Renewed Supply Framework Agreement for the supply of the Products to the Customers for a term of one year commencing from 1 January 2022 and ending on 31 December 2022. Pursuant to the Renewed Supply Framework Agreement, the annual cap for the year ending 31 December 2022 shall not be more than HK\$17 million.

On 28 April 2022, the Company (for itself and on behalf of its subsidiaries) and Mr. Feng (for himself and on behalf of companies controlled by him) entered into the First Supplemental Agreement, pursuant to which the parties agreed to amend the terms of the Renewed Supply Framework Agreement to increase the annual cap under the Renewed Supply Framework Agreement from HK\$17 million to the Revised Annual Cap of HK\$24 million for the year ending 31 December 2022. Further details of the First Supplemental Agreement and the reasons for the increase of the annual cap to the Revised Annual Cap are disclosed in the announcement of the Company dated 28 April 2022.

As the Board expects that the Revised Annual Cap of HK\$24 million under the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement) is not sufficient to meet the existing business needs of the Group, on 2 June 2022 (after trading hours), the Company (for itself and on behalf of its subsidiaries) entered into the Second Supplemental Agreement with Mr. Feng (for himself and on behalf of companies controlled by him), pursuant to which the parties agree to amend the terms of the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement) to further increase the Revised Annual Cap of HK\$24 million to the Further Revised Annual Cap of HK\$58 million for the year ending 31 December 2022. Subject to the Independent Shareholders Approval, the Second Supplemental Agreement shall become effective from the Approval Date until 31 December 2022.

Save as the aforesaid, all the other terms of the Renewed Supply Framework Agreement shall remain unchanged. Please refer to the section headed “2. Background” in the Board Letter for the key terms of the Renewed Supply Framework Agreement and the related internal control procedures implemented by the Group.

Mr. Feng is the brother-in-law of Mr. Jay Chun (the controlling Shareholder, the executive Director, the Chairman and the Managing Director of the Company), and thus a deemed connected person of the Company within the meaning of the Listing Rules. Therefore, the Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap) constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, the Company has to re-comply with the announcement and independent shareholders’ approval requirements (as applicable) before the Revised Annual Cap is exceeded. Given that one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Further Revised Annual Cap under the Second Supplemental Agreement is more than 5%, the Second Supplemental Agreement and the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

transactions contemplated thereunder (including the Further Revised Annual Cap) are subject to the reporting, announcement, annual review and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, to advise the Independent Shareholders in connection with the Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap). The Company has appointed us as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were not connected with the Company or any of its respective substantial Shareholders, Directors or chief executives, or any of their respective associates and accordingly, are considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the Transactions.

In the past two years, we have not acted as any financial adviser role to the Company. Save for the appointment as the Independent Financial Adviser, there was no other relationship and/or engagement between the Company and us in the past two years.

With regards to our independence from the Company, it is noted that (i) apart from normal professional fees paid or payable to us in connection with the appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received or will receive any fees or benefits from the Company, its subsidiaries or their respective controlling Shareholders that could reasonably be regarded as relevant to our independence; and (ii) the aggregate professional fees paid/to be paid to us do not make up a significant portion of our revenue during the relevant period which would affect our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser in respect of the Transactions pursuant to Rule 13.84 of the Listing Rules.

BASIS OF ADVICE

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”); (iii) other information provided by the Directors and the management of the Group (the “**Management**”); and (iv) the opinions expressed by and the representations of the Management. We have assumed that all information and representations that have been provided by the Management, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, the Management (where applicable), which have been provided to us.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading.

We consider that we have taken sufficient and necessary steps to form a reasonable basis and an informed view for our opinion in compliance with Chapters 13 and 14A of the Listing Rules.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company, nor conducted any independent in-depth investigation into the business affairs, assets and liabilities or future prospects of the Company and its respective subsidiaries or associates (if applicable) or any of the other parties involved in the Transactions, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. The Company has been separately advised by its own professional advisers with respect to the Transactions and the preparation of the Circular (other than this letter).

We have assumed that the Transactions will be consummated in accordance with the terms and conditions set forth in the Circular without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all necessary consents, authorisations and approvals in respect of the Transactions, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Transactions. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in relation to the Transactions, we have taken into consideration the following factors:

1. Information on the Group

As stated in the Board Letter, the Group is principally engaged in the development, sale and leasing of electronic gaming equipment and systems and the provision of casino management services.

Certain consolidated financial information of the Company as extracted from the 2021 Annual Report is set out below.

	For the year ended	
	31 December	
	2021	2020
	HK\$'000	HK\$'000
Revenue	494,126	351,739
Gross profit	189,936	14,586
Loss attributable to owners of the Company	86,115	189,152

	As at 31 December	
	2021	2020
	HK\$'000	HK\$'000
Total assets	551,260	660,450
Total liabilities	232,233	254,391
Equity attributable to owners of the Company	279,896	364,592
Bank balances and cash	64,043	129,244

During the year ended 31 December 2021, the Company recorded consolidated revenue of approximately HK\$494.1 million, representing an increase of approximately 40.5% over the consolidated revenue of approximately HK\$351.7 million generated in the year ended 31 December 2020. The increase was mainly attributable to the increase in revenue from the provision of casino management services in Macau and the sale/leasing of electronic gaming equipment and systems in both Macau and overseas markets. Furthermore, the Company recorded consolidated loss attributable to owners of the Company of approximately HK\$86.1

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

million for the year ended 31 December 2021, representing a decrease of approximately 54.5% compared with consolidated loss attributable to owners of the Company of approximately HK\$189.2 million for the year ended 31 December 2020. The improvement in the Group's loss-making position during the year ended 31 December 2021 was mainly due to (i) the increase in the consolidated revenue of approximately HK\$142.4 million from both the provision of casino management services in Macau and the sale/leasing of electronic gaming equipment and systems in both Macau and overseas markets; and (ii) the Group's cessation of provision of casino management services in Casino Waldo since 1 March 2020 which was loss-making in the year ended 31 December 2020, which is partially offset by the recognition of procurement service income of approximately HK\$53.9 million in the year ended 31 December 2020 but not in the year ended 31 December 2021.

As at 31 December 2021, the Company had consolidated total assets, total liabilities and equity attributable to owners of the Company of approximately HK\$551.3 million, HK\$232.2 million and HK\$279.9 million, respectively. In addition, the Company had consolidated bank balances and cash of approximately HK\$64.0 million as at 31 December 2021.

2. Information of the Customers

As per the Board Letter, the Customers are principally engaged in the development, manufacture, distribution, sale, leasing, marketing and promotion of, among other things, electronic gaming products and devices in overseas markets including the U.S., Canada and Australia and have the requisite market presence, experience, expertise and extensive customer network in the promotion and marketing of such products and devices in these overseas markets.

3. Renewed Supply Framework Agreement

Set out below is a summary of the principal terms of the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement):

Date:	14 December 2021
Parties:	(i) The Company (for itself and on behalf of its subsidiaries), as the supplier; and (ii) Mr. Feng (for himself and on behalf of companies controlled by him), who controls the companies which will purchase and/or lease the Products from the Group. Mr. Feng is the brother-in-law of Mr. Jay Chun (the controlling Shareholder, the executive Director, the Chairman and the Managing Director of the Company and also the director of certain subsidiaries of the Company)
Term:	One year, from 1 January 2022 to 31 December 2022
Annual cap:	HK\$24 million for the year ending 31 December 2022 (as amended by the First Supplemental Agreement)

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Pursuant to the Renewed Supply Framework Agreement, the Company shall supply (by itself or procure other members of the Group to supply) the Products to the Customers by way of sale and/or leasing, whereby the Customers shall further develop, assemble, enhance, or otherwise manufacture the same into customised electronic gaming products and devices for onward sale and/or leasing to gaming users in markets, including but not limited to the U.S., Canada, Australia and elsewhere in accordance with the laws and regulations of the relevant jurisdictions on a non-exclusive basis.

During the year ending 31 December 2022, the relevant members of the Group and the relevant Customers are expected to enter into:

- (i) Purchase Orders to specify the quantity, selling prices, payment terms, specifications, standards and delivery time of the Products to be supplied by way of sale; and/or
- (ii) Lease Agreements to specify the quantity, rental fee, payment terms, specifications, standards, delivery time and lease period, where applicable, of the Products to be supplied by way of leasing.

Pursuant to the terms of the Renewed Supply Framework Agreement, the supply of the Products, whether by way of sale and/or leasing, shall be based on normal commercial terms agreed after good faith and arm's length negotiations between the Company and Mr. Feng, by reference to the then prevailing market prices and/or rental rates (as applicable) of the Products offered to independent third parties by the Company, and shall be no less favourable to the Group than those terms offered to independent third parties by the Group.

4. Reasons for and benefits of the Second Supplemental Agreement

As stated in the Board Letter, the Board believes that the supply of the Products (by way of sale and/or leasing) to the Customers for their further development and manufacture of electronic gaming products and devices will raise the profile of the Products, enhance the Products' penetration into overseas markets and generate additional revenue for the Group which would be beneficial to the business development of the Group. Following the re-opening of casinos, the lifting of certain lockdown measures and travel restrictions in the U.S. and the gradual recovery of the global economy from the aftermath of the Covid-19 pandemic, the Group expects the number of orders for the Products placed by the Customers in 2022 to further increase.

In view of (i) the historical transaction amount for the four months ended 30 April 2022 under the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement) which has already exceeded the historical transaction amount for the year ended 31 December 2021 under the 2021 Renewed Supply Framework Agreement; (ii) the further acceleration of the number and amount of orders for the Products from the Customers in the remaining months in 2022 due to the postponement of the delivery of the 2021 Products, leading to an anticipated increase in shipment of orders that are significant in value that is

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expected to be delivered during the second half year of 2022 along with the other shipment orders in 2022; and (iii) a significant number of the Products which are to be supplied to the Customers by way of leasing has been and is expected to be changed to by way of sale in the remaining months in 2022 as mentioned above, the Board envisages that the aggregate value of the transactions contemplated under the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement) will exceed the Revised Annual Cap in respect of the year ending 31 December 2022. In addition, in view of the continuous development of the Group's business and operational scale and the long and good cooperation between the Company and Mr. Feng, it is expected that the Group will continue to supply more Products (by way of sale and/or leasing) to the Customers. The Company has therefore entered into the Second Supplemental Agreement to revise the Revised Annual Cap of HK\$24 million to the Further Revised Annual Cap of HK\$58 million under the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement). The Group believes that the increase from the Revised Annual Cap to the Further Revised Annual Cap enables the Group to cope with the expected increase in demand of the Products by the Customers, and allows the Group to be flexible in case of potential further increase in supply of the Products to the Customers, which will in turn generate additional revenue for the Group.

In light of the terms of the Second Supplemental Agreement, the transactions contemplated thereunder (including the Further Revised Annual Cap), and the reasons and benefits mentioned in the Board Letter, the Directors (including the independent non-executive Directors) are of the view that (i) the Second Supplemental Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Group; and (ii) the terms and conditions of the Second Supplemental Agreement, including the Further Revised Annual Cap, are fair and reasonable, and that the entering into of the Second Supplemental Agreement are in the interests of the Company and the Shareholders as a whole. After having considered (i) the reasons and benefits mentioned above; and (ii) our analysis on the Transactions as detailed in the sections headed "5. The pricing basis" and "6. The Further Revised Annual Cap" of this letter, we concur with the aforementioned Directors' views.

5. The pricing basis

As stated in the Board Letter, the selling prices or the rental fees (as the case may be) of the Products shall be determined and settled in the following manner according to the terms of the Renewed Supply Framework Agreement:

- (i) when supplying the Products to the Customers by way of sale:
 - the Products shall be priced at such level that represents an 8% to 10% discount from the Group's listed price of the same Products, which were, in turn, determined with reference to the then prevailing market price of corresponding Products; and

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- the Customers are required to fully pay the Group the purchase prices of any Products within 30 days upon delivery of such Products in cash through bank transfer.
- (ii) when supplying the Products to the Customers by way of leasing:
- the rental fees of the Products to be paid by the Customers to the Group shall be determined at such level that represents an 8% to 10% discount from the Group's listed rental fees of the same Products, which were, in turn, determined with reference to the then prevailing market rental rates of corresponding Products; and
 - the Group shall issue invoices to the Customers on a quarterly basis in respect of the rental fees payable by the Customers to the Group for the leased Products, and the Customers are required to fully pay the Group the rental fees specified in each such invoice within 30 days upon issue in cash through bank transfer.

The Management advised us that it is market's common practice for supplier and distributor to cooperate and distribute gaming machine products to different countries due to various licensing requirement in different jurisdictions. When a supplier identifies business opportunity in a local jurisdiction, it cooperates with a distributor with appropriate license(s) in that jurisdiction and adequate knowledge and knowhow to modify the gaming machine products into customised electronic gaming products and devices which are suitable for local requirement and end customers' need. A supplier may also participate in negotiation and determination of selling prices and rental rates of the products offered to the end customers, and the selling prices and rental rates of the products offered to end customers are not solely negotiated and determined by the distributor, who bears no inventory risk in a transaction. With regards to fund flow of such transactions, we understand that the end customer would make payment of the retail selling prices or rental rates of the products to the distributor who would then pay the products' supplier an amount net of any commission entitled by the distributor.

We also understand from the Management that the Group cooperates with the Customers in a way similar to the market's common practice as described above. When the Group identifies business opportunity in a local jurisdiction, it cooperates with the Customers with appropriate license(s) in that jurisdiction and adequate knowledge and knowhow to prepare the Products for onward sale and/or leasing to gaming users in the relevant markets. The Group also participates in negotiation and determination of listed prices and rental rates of the products offered to the end customers, and the listed prices and rental rates of the products offered to end customers are not solely negotiated and determined by the Customers, who bears no inventory risk in a transaction. With regards to fund flow of such transactions, we understand that the end customer would make payment of the retail selling prices or rental

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rates of the Products to the Customers who would then pay the Group in its capacity as supplier an amount net of any discount entitled by the Customers pursuant to the Renewed Supply Framework Agreement.

We have reviewed the Renewed Supply Framework Agreement and we note that the Customers are effectively involved in the aforementioned cooperation and the distribution of the Products whereby they shall, amongst other things, prepare the Products for onward sale and/or leasing to gaming users in the relevant markets. In that connection, we have reviewed four (whereas one of which the Group acted in the capacity of a supplier, while the Group acted in the capacity of a distributor in the remaining three) precedent distribution agreements (the “**Comparable Agreement(s)**”) entered into between the Group and other suppliers/distributor who are third parties independent from the Group provided by the Group since the nature of the Renewed Supply Framework Agreement and the Comparable Agreements involve the element of distribution by way of both sale and lease and are therefore considered comparable. The Comparable Agreements were entered into in the years 2014, 2016, 2017 and 2019. Based on our discussion with the Management, we understand that the Comparable Agreements constitute an exhaustive list of relevant material agreements entered into by the Group. We consider the Comparable Agreements represents a sufficient and representative sample as (i) the Comparable Agreements constitute an exhaustive list of relevant material agreements entered into by the Group; (ii) the distribution of gaming machines is a niche market while the underlying products are not homogeneous products and are unique in nature so the underlying terms of distribution of gaming machines conducted by outside parties are commercially sensitive and are therefore mostly private and confidential which cannot be obtained from the public domain; (iii) the fund flow between the relevant parties under the Renewed Supply Framework Agreement and the Comparable Agreements are the same from the financial reporting perspective of the Group; and (iv) the Management also confirmed to us that the market practice and market landscape of the sale and distribution of gaming machine industry has remained similar since the year 2014 and up to the Latest Practicable Date such that the Comparable Agreements are in our opinion still comparable to the Renewed Supply Framework Agreement.

Based on our review on the Comparable Agreements, we noted that (i) the products supplied by the Group to the independent distributor/distributed by the Group on behalf of the independent suppliers are unique in nature and are not homogenous products such as household products or commodities while the listed price of the products is determined based on arms’ length negotiations between supplier and distributor taking into consideration, among other things, the amount of the subject products, the relationship between the supplier and the distributor and research on market price as obtained from market performance reports prepared by an independent research firm; (ii) when the Group is in the capacity as a distributor, the Group has been entitled to a sharing of around 30% of gross revenue received by the Group (from sale and/or leasing) from its customers; and (iii) when the Group is in the capacity as a supplier to supply products (by way of sale and/or leasing), the distributor has been entitled to a commission between 24% and 40% of the listed price of the products/daily fee, either settled by way of commission or sharing of gross revenue received by distributor from its customers.

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As advised by the Management, the actual percentage of commission or revenue sharing offered by the other suppliers to their distributors in the industry is commercially sensitive and confidential. However, based on the Management's industry experience and the available number of Comparable Agreements entered into between the Group (in the capacities of both supplier/distributor) and other suppliers/distributor who are third parties independent from the Group, the suppliers in the industry generally offer a commission or revenue sharing to the distributors of around 30% of the gross revenue received by the distributors. Accordingly, the supply of the Products to the Customers (who shall prepare the Products for onward sale and/or leasing to gaming users in the relevant markets) either by way of sale or leasing being priced at only 8% to 10% discount (which in our opinion is effectively of similar nature as the commission or revenue sharing under the Comparable Agreements since they have the same effect on the Group's revenue) from the Group's listed price of the same Products resulting in, *ceteris paribus*, comparative higher revenue after netting off the discount and therefore better profit margin for the Group as compared to the suppliers (i.e. same role of the Group under the Renewed Supply Framework Agreement) of the precedent transactions under the Comparable Agreements with corresponding independent third parties, and is therefore considered to be favorable to the Group.

6. The Further Revised Annual Cap

The following table sets out the annual caps and the historical transaction amounts for the years ended 31 December 2020 and 31 December 2021:

	For the year ended 31 December 2020	For the year ended 31 December 2021
	<i>HK\$' million</i>	<i>HK\$' million</i>
Annual cap	40.0	35.0
Historical transaction amounts	2.1	10.9

The following table sets out the original annual cap, the Revised Annual Cap, the Further Revised Annual Cap for the year ending 31 December 2022 and the historical transaction amounts up to four months ended 30 April 2022:

	For the year ending 31 December 2022
	<i>HK\$' million</i>
Original annual cap	17.0
Revised Annual Cap	24.0
Further Revised Annual Cap	58.0
Historical transaction amounts (<i>for the four months ended 30 April 2022, based on the latest unaudited management accounts of the Group available as at the Latest Practicable Date</i>)	14.6

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As at the Latest Practicable Date, the Revised Annual Cap under the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement) has not been exceeded. If further adjustment to the Further Revised Annual Cap becomes foreseeable, the Company will re-comply with the requirements under Chapter 14A of the Listing Rules.

As stated in the Board Letter, the Further Revised Annual Cap of HK\$58 million is determined based on the following factors:

- (i) the historical transaction amount for the four months ended 30 April 2022 under the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement) based on the latest unaudited management accounts of the Group available as at the Latest Practicable Date, which is approximately HK\$14.6 million, representing approximately 60.8% of the Revised Annual Cap for the year ending 31 December 2022 and the historical transaction amount under the 2021 Renewed Supply Framework Agreement of approximately HK\$10.9 million, representing approximately 31.1% of the annual cap for the year ended 31 December 2021. In view of the fact that the historical transaction amount for the four months ended 30 April 2022 has already exceeded the historical transaction amount for the year ended 31 December 2021, together with the reasons mentioned below, the Company expects that the transaction amount for the year ending 31 December 2022 will be far higher than the amount under the Revised Annual Cap;
- (ii) the further acceleration of the number and amount of orders for the Products from the Customers in the remaining months in 2022. The relevant shipment schedules of the 2021 Products were unfortunately delayed due to the continuing outbreak of the Covid-19 variants worldwide in 2021 leading to a suspension of the operation of many shipping vessels. As a result, no revenue for the 2021 Products was recorded for the year ended 31 December 2021 and approximately HK\$5.1 million of the 2021 Products was recorded as revenue for the four months ended 30 April 2022. Following the stabilisation of the Covid-19 pandemic situation in 2022 which enabled the gradual resumption of the normal operation of shipping companies, the aforementioned postponed shipment schedules are expected to be resumed, and as such, the Second Batch of 2021 Products of approximately HK\$9.8 million are expected to be delivered to the Customers during the second half year of 2022 along with the Company's estimation of the amount of the Products that may be sold in the remaining months in 2022 which was determined with reference to (i) the price and actual number of the Products sold in 2021; and (ii) the estimated prevailing market prices of the Products in the remaining months in 2022 having considered the general change in sale price of the Products as a result of the impacts from the Covid-19 pandemic on the global economy, amounting to approximately HK\$17.6 million, thereby leading to an anticipated increase in shipment of orders that are significant in value in the remaining months in 2022;

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- (iii) a significant number of the Products which are to be supplied to the Customers by way of leasing has been and is expected to be changed to by way of sale in the remaining months in 2022, as advised by the Customers to the Group, mainly due to a change in customers' preference. Generally, for sale of the Products, the Company will receive the full sale price of the Products within 30 days and recognise the sale price as revenue upon delivery of the Products to the Customers, while for leasing of the Products, the Company will receive the rental fees of the Products on a quarterly basis and recognise the rental fees as revenue on a monthly basis over the lease periods. Due to the general market decrease in the sale price of electronic gaming products including the Products as a result of the impacts from the Covid-19 pandemic on the global economy as well as the discount for the sale (but not leasing) of the Products offered by the Company to the Customers for bulk transactions (which discount is still within the pricing mechanism set out in the sub-section headed "Pricing and payment" in the Board Letter), the sale price of the electronic gaming products and devices developed or assembled by the Customers for onward sale to gaming users have therefore become more attractive to gaming users. Thus, some gaming users and hence the Customers have adjusted their business needs and prefer purchasing rather than leasing the gaming products and devices, therefore contributed to the change of the Products to be supplied to the Customers by way of leasing to by way of sale. During the four months ended 30 April 2022, revenue of approximately HK\$8.1 million from the sale of the Products to the Customers was originally expected to be generated from leasing of the Products. For the remaining months in 2022, the Company expects that a further revenue of approximately HK\$3.9 million will be generated from the sale of the Products to the Customers which is originally expected to be generated from the leasing of the Products, a majority of which is determined with reference to a confirmed Purchase Order with the Customers as at the Latest Practicable Date. On the other hand, no revenue was or is expected to be derived from leasing of the Products which are originally planned to be sold to the Customers by way of sale in 2022;
- (iv) the aggregate revenue from the Products of approximately HK\$2.8 million for the remaining months in 2022 based on the number of the Products which is expected to be supplied to the Customers by way of leasing under a confirmed Lease Agreement of approximately HK\$1.2 million and other Lease Agreements under negotiation for the year ending 31 December 2022; and
- (v) the inclusion of a buffer in the amount of approximately HK\$9.3 million (being approximately 19.1% of approximately HK\$48.7 million, being the actual and estimated amount of the supply of the Products by the Group to the Customers under the Renewed Supply Framework Agreement (as amended by the Second Supplemental Agreement)) for the year ending 31 December 2022, for any unexpected increase in the aforesaid amount as well as any fluctuation in foreign exchange during the year ending 31 December 2022. The buffer was determined

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with reference to the management's expectations that the Group could possibly capture more business opportunities under the Renewed Supply Framework Agreement in consideration of the following factors which include (i) returning demand for certain Products following the recovery of the global gaming markets from the Covid-19 pandemic; (ii) sale and/or leasing of other previously deployed but refurbished Products; (iii) orders for the Products which are now under development to be possibly launched; and (iv) the potential expansion of the Group's and the Customers' business to other major states in the U.S. No buffer was included in the basis for determining the Revised Annual Cap.

In relation to item (ii) above, following the further stabilisation of the Covid-19 pandemic situation in 2022 and the agreement on the delivery schedules of the Second Batch of 2021 Products with the Customers in May 2022, the shipping of the Second Batch of 2021 Products (which was undetermined prior to the entering into the First Supplemental Agreement) is expected to take place within the second half year of 2022. Moreover, in relation to the Company's estimation of the amount of the Products that may be sold in the remaining months in 2022 of approximately HK\$17.6 million as discussed in item (ii) above and the Company's estimation of further revenue generated from the sale of the Products to the Customers which was originally expected to be generated from leasing of the Products in the remaining months in 2022 of approximately HK\$3.9 million as discussed in item (iii) above, in early June 2022, the Group confirmed a Purchase Order with the Customers in the total contract sum of approximately HK\$6.6 million, revenue of which will be recognised by the Group in the remaining months in 2022.

In view of the above factors, the Board has determined to further revise the Revised Annual Cap to the Further Revised Annual Cap. After taking into account of the above factors and given that the Second Supplemental Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Group, together with the benefits of entering into the Second Supplemental Agreement as set out in the section headed "4. Information about the parties and reasons for and benefits of entering into the Second Supplemental Agreement" in the Board Letter, the Board is of the view that the Further Revised Annual Cap is fair and reasonable.

To assess the fairness and reasonableness of the Further Revised Annual Cap, we have reviewed (i) the historical transactions under the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement) during the four months ended 30 April 2022; and (ii) the forecasted supply of the Products to the Customers under the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement) prepared by the Management for the year ending 31 December 2022.

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Set out below is a summary of the historical and forecasted revenue from sale and leasing of the Products by the Group to the Customers for the year ending 31 December 2022:

	Revenue <i>HK\$' million</i>
Historical — January to April 2022	
Pre-existing Agreement	
— First Batch of 2021 Products	<u>5.1</u>
Other transactions	
— Sale of Products	0.6
— Sale of Products (originally leased to end customers)	8.1
— Lease	<u>0.8</u>
	<u>9.5</u>
Sub-total (A)	<u>14.6</u>
Forecast — May to December 2022	
Pre-existing Agreement	
— Second Batch of 2021 Products	9.8
— Lease	<u>1.2</u>
	<u>11.0</u>
Other transactions	
— Sale of Products	17.6
— Sale of Products (originally leased to end customers)	3.9
— Lease	<u>1.6</u>
	<u>23.1</u>
Sub-total (B)	<u>34.1</u>
Sub-total (A) + (B)	48.7
Buffer	<u>9.3</u>
Total	<u><u>58.0</u></u>

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6.1 *Historical transactions under the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement)*

Based on the summary of actual revenue from sale and leasing of the Products to the Customers for the four months ended 30 April 2022 provided by the Management and reviewed by us, the transaction amount under the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement) during the four months ended 30 April 2022 based on the latest unaudited management accounts of the Group available is approximately HK\$14.6 million (as to approximately HK\$13.8 million from sale of the Products and approximately HK\$0.8 million from leasing of the Products), representing approximately 60.8% of the Revised Annual Cap for the year ending 31 December 2022.

6.2 *Forecasted supply of the Products to the Customers under the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement)*

Based on the forecast (the “**Forecast**”) provided by the Management, the forecasted supply of the Products to the Customers for the remaining months in 2022 are estimated to be approximately HK\$34.1 million, representing approximately 142.1% of the Revised Annual Cap, or 58.8% of the Further Revised Annual Cap. Together with the historical transaction amount for the four months ended 30 April 2022 of approximately HK\$14.6 million, the supply of the Products to the Customers under the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement) is estimated to be approximately HK\$48.7 million for the year ending 31 December 2022, representing approximately 84.0% of the Further Revised Annual Cap.

We have reviewed the Forecast and discussed with the Management and understand that the estimated transaction amount of approximately HK\$34.1 million for the remaining months in 2022 consisted of the forecasted revenue from (i) the Second Batch of 2021 Products of approximately HK\$9.8 million under a pre-existing agreement entered into between the Customers and its client (“**Pre-existing Agreement**”); (ii) leasing of the Products by the Group to the Customers of approximately HK\$1.2 million under the Pre-existing Agreement; (iii) estimated sale of the Products by the Group to the Customers of approximately HK\$21.5 million, of which approximately HK\$17.6 million is expected to be generated from the sale of gaming machines (number of gaming machines to be sold is based on actual number of sale of gaming machines during the four months ended 30 April 2022 with around 10% growth rate) and the remaining HK\$3.9 million from the sale of gaming machines originally leased to end customers (number of second hand gaming machines to be sold is based on client enquiry and lease-to-purchase intention); and (iv) estimated leasing of the Products by the Group to the Customers of approximately HK\$1.6 million (annualised based on actual revenue from lease of gaming machines in other transactions during the four months ended 30 April 2022 of approximately HK\$0.8 million) out of which the Group and/or the

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Customers are already in negotiations with end customers in respect of approximately HK\$0.7 million of leases pending for confirmation of orders as at the Latest Practicable Date.

We note that the forecasted supply of the Products to the Customers for the remaining eight months ending 31 December 2022 is based on (i) the terms pursuant to the Pre-existing Agreement and (ii) reasonable estimation of number of gaming machines and equipment to be sold/leased by the Customers to its clients based on (a) the actual sale/lease figure occurred during the four months ended 30 April 2022; (b) the change in customers' preference from leasing to purchase; and (c) the indication of the Customers' clients of their intention to convert some gaming machines and equipment under leasing to sale.

In relation to the Pre-existing Agreement and the estimation of number of gaming machines and equipment to be sold/leased by the Customers, we have reviewed (i) the Pre-existing Agreement and the relevant shipment records; (ii) historical sales order of some other transactions; (iii) breakdown of sale revenue of the Group to the U.S. market during each of the four months ended 30 April 2022; (iv) breakdown of leasing revenue of the Group to the U.S. market during each of the four months ended 30 April 2022; (v) the 2021 Annual Report regarding the sale of gaming machines in the overseas market and (vi) a confirmed Purchase Order with Customers in early June 2022 to purchase certain sale of the Products and change of certain Products under leasing to by way of sale in the amount equivalent to approximately HK\$6.6 million, revenue of which will be recognised by the Group in the remaining months in 2022. We note that (i) there is a change in customers' preference from leasing to purchase (which generates a comparatively higher revenue to the Group in the relevant period as compared to leasing which generates lower revenue to the Group spread over a period of time during the term of the lease) shown from the breakdown of historical transactions across the four months ended 30 April 2022; (ii) the daily rate under lease charged to new customers during the four months ended 30 April 2022 are generally higher than that of the existing customers; and (iii) as disclosed in the 2021 Annual Report, the average unit price of gaming machines for the year ended 31 December 2021 slightly decreased by approximately 5.7% from approximately HK\$70,000 in the year ended 31 December 2020 to approximately HK\$66,000 in the year ended 31 December 2021 while the sales volume increased by approximately 330.4% from 23 slot machines in the year ended 31 December 2020 to 99 slot machines in the year ended 31 December 2021.

Based on our works as discussed above, we consider that the Forecast provided by the Management is fair and reasonable.

6.3 Buffer to the Further Revised Annual Cap

In the determination of the Further Revised Annual Cap, the Management has added a buffer of approximately 19.1% representing approximately HK\$9.3 million to the forecasted supply of the Products to the Customers under the Renewed Supply

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Framework Agreement of approximately HK\$48.7 million for the year ending 31 December 2022 to allow flexibility in the event of unexpected increase in purchase orders from the Customers' clientele which is beyond the control of the Group. We are of the view that a buffer of approximately 19.1% is fair and reasonable as (i) the underlying transactions of the Renewed Supply Framework Agreement and the Further Revised Annual Cap are of revenue nature to the Group; (ii) the pricing basis under the Renewed Supply Framework Agreement is fair and reasonable as discussed in section 5 of this letter; (iii) the historical transaction amounts have shown significant growth with historical transaction amount of approximately HK\$10.9 million in the year ended 31 December 2021 being approximately 5.2 times of the historical transaction amount of HK\$2.1 million in the year ended 31 December 2020 while the annualised transaction amount of HK\$43.8 million for the year ending 31 December 2022 (based on the historical transaction amount of approximately HK\$14.6 million for the four months ended 30 April 2022) being approximately 4.0 times of the historical transaction amount of approximately HK\$10.9 million in the year ended 31 December 2021 and as such, the aforementioned buffer would allow flexibility to the Group in the event the Customers receives increased purchase orders from its clients (which is beyond the control of the Group and/or the Customers) and request further supply of the Products by the Group on top of the current forecasted value so as to allow the Group to timely capture the additional business opportunities arising out of the expected explosive growth in demand with a stabilising situation on the Covid-19 pandemic in the Customers' principal market in North America; (iv) the historical amount from sales and leasing of the Products in January to April 2022 and the forecasted amount from sales and leasing of the Products backed by Pre-Existing Agreement and confirmed Purchase Order amount to in aggregate HK\$32.2 million up to the Latest Practicable Date (which is roughly halfway through the year ending 31 December 2022), representing approximately 66.1% forecasted supply of the Products to the Customers under the Renewed Supply Framework Agreement of HK\$48.7 million or 55.5% of the Further Revised Annual Cap of HK\$58.0 million (i.e. both more than 50%), which demonstrates that the forecasted amount from sales and leasing of the Products after the Latest Practicable Date up to 31 December 2022 is not aggressive and is in our opinion achievable; and (v) the buffer would avoid the extra time and compliance costs (which include but not limited to publication and printing costs of relevant announcement(s) and circular, engagement of professional parties including an independent financial adviser, hosting of another special general meeting including cost of scrutineer, etc.) in order to re-comply with Rule 14A.54(1) of the Listing Rules to further revise the Further Revised Annual Cap if necessary, which in turn would enhance the revenue source and profitability of the Group.

We also note from the Board Letter that the Company has considered a number of factors in the determination of the buffer in the Further Revised Annual Cap. In that connection, we note that (i) based on a gaming industry report for first quarter of 2022 obtained by the Group via paid subscription, North American casino operators has 4% less active units of slot machines relative to the pre-Covid-19 pandemic period in February 2020 so the Company's basis of "*returning demand for certain Products*

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following the recovery of the global gaming markets from the Covid-19 pandemic” is reasonable; (ii) as per inflation data of the U.S. (*source: <https://tradingeconomics.com/united-states/inflation-cpi>*), inflation in the U.S. grew from approximately 5.4% in June 2021 to approximately 8.6% in May 2022 which may further increase in the remaining months of 2022; (iii) the Group has a number of previously deployed but refurbished Products available for further sale and/or lease and the Group and/or the Customers are in the course of identifying purchasers or lessees with a view to create new business opportunities; (iv) the Group has various upgraded Products in the development pipeline which are expected to entice end customers to purchase or lease and hence create further revenue for the Group; (v) the Group also has other budget Products under development which are catered for price sensitive end customers in other markets such as the Caribbean and Central America; and (vi) the Customers are in the course of applying for necessary licenses of certain states in the U.S. with gaming entertainment establishments for expanding business into these territories.

Based on our works as discussed above, we consider that the buffer within the Further Revised Annual Cap is fair and reasonable.

6.4 *Our conclusion on the Further Revised Annual Cap*

After considering (i) the historical transaction amount mentioned in section 6.1 of this letter; (ii) the future demand of the Products mentioned in section 6.2 of this letter; and (iii) the buffer to the Further Revised Annual Cap mentioned in section 6.3 of this letter, we consider that (i) the Revised Annual Cap for the year ending 31 December 2022 will soon be fully utilised and there is a pressing need for the Further Revised Annual Cap for the year ending 31 December 2022 to allow the Group’s normal business operations with the Customers and to cater for the demand of the Products from the Customers; (ii) the expected supply of the Products (by way of sale and leasing) to the Customers for the year ending 31 December 2022 under the Renewed Supply Framework Agreement (as amended by the First Supplemental Agreement) has been fairly and reasonably arrived at; and (iii) the inclusion of a buffer of approximately 19.1% of the actual and estimated amount of the supply of the Products by the Group to the Customers under the Renewed Supply Framework Agreement for the year ended 31 December 2022 is considered reasonable given our discussions in section 6.3 of this letter. Based on the above, we are of the view that the Further Revised Annual Cap is fair and reasonable.

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7. Internal control measures

To offer the Products to the Customers in accordance with the aforesaid policies and at selling prices and/or rental fees no less favourable to the Group than those offered by the Group to other comparable independent third parties, the Group has implemented internal control procedures to:

- (i) regularly collate updated information on the prevailing market prices and rental rates of the Products from time to time to determine the aforesaid suggested selling prices and rental fees, including but not limited to obtaining price quotations or market data in respect of selling prices and/or rental rates for independent third parties for products of comparable nature and quantity;
- (ii) perform routine checking before accepting any Purchase Orders to ensure any pricing discount given to the Customers shall be no less favourable to the Group than those pricing discounts offered to other independent third parties by the Group for comparable model and size of order of the Products; and
- (iii) perform checking before entering into any Lease Agreements to ensure that the rental fees of the Products to be leased by the Group to the Customers shall be no less favourable to the Group than the rental fees payable by independent third parties to the Group for comparable model and quantity of the Products under similar leasing arrangements.

The sale and marketing team of the Group in the U.S. headed by Mr. Kelcey Allison, Senior Vice President, Operations and Business Development of a subsidiary of the Company in the U.S., is responsible for updating market information on a monthly basis and performing the abovementioned checking each time before accepting any Purchase Orders and entering into any Lease Agreements. Mr. Allison is a member of the senior management team of the Group and his profile is disclosed in the section headed “Profile of Directors and Senior Management” of the annual report of the Company for the year ended 31 December 2021.

The Group shall not be obliged to accept any Purchase Orders from the Customers and/or enter into Lease Agreements with the Customers for the Products on terms and conditions that are less favourable to the Group than those agreed between the Group and its independent third parties.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors will annually review the Renewed Supply Framework Agreement (as amended by the Second Supplemental Agreement), the transactions contemplated thereunder (including the Further Revised Annual Cap) and confirm that the continuing connected transactions are entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

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Pursuant to 14A.56 of the Listing Rules, the Company will engage its independent auditor to report on the aforesaid continuing connected transactions on an annual basis and provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions (i) have not been approved by the Board; (ii) are not, in all material respects, in accordance with the pricing policies of the Group; (iii) are not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (iv) have exceeded the Further Revised Annual Cap.

In connection with the above, we have enquired the Management and understand that (i) despite that each gaming machine/product is unique and is not homogenous in nature and the pricing on which depends highly on, among other things, quality, manufacturer and brand of the product, the Group reviews both the monthly and quarterly market performance reports of the North American gaming market prepared by an independent research firm on a regular basis to obtain information on latest market condition in the gaming industry including but not limited to the list of new games and the pricing of such games; and (ii) the Management conducts monthly meeting with senior sale executive of a subsidiary of the Company stationed in the U.S. to keep themselves updated with the prevailing sale and marketing condition of the Group's products (which are all unique in nature and are not homogenous in nature). We also understand from the Management that (i) the Management actively participates in negotiation and determination of selling prices and rental rates of the products offered to the Customers and end customers, and the selling prices and rental rates of the products offered to end customers are not solely negotiated and determined by the Customers; and (ii) as the historical revenue were mainly generated in the North American market (i.e. the U.S. and Canada) and historical sales to Australia were insignificant, the Management principally refer to the market performance reports of the North American gaming market which covers the U.S. and Canada for the price determination. In addition to Management's response, we have also reviewed (i) market performance reports of the North American gaming market prepared by an independent research firm; (ii) email correspondences in relation to the Management's monthly meetings; and (iii) email records seeking the Management's approval of the Pre-existing Agreement. We note that (i) the market performance reports included information such as average selling prices and daily rate under lease; (ii) the email correspondences included the senior sale executive stationed in the U.S. as well as summary of sales and marketing information; and (iii) the email in relation to the Pre-existing Agreement was sent to the Management before the Customers entered into agreement with its clients.

Having considered (i) the Management's involvement in negotiation and determination of selling prices and rental rates of their products (i.e. the listed price) which are all unique in nature and are not homogenous products with end customers; and (ii) the supply of the Products to the Customers either by way of sale or leasing being priced at 8% to 10% discount from the Group's listed price of the same Products is more beneficial than the commission of 24% to 40% in the Group's precedent transactions in the capacity of both a supplier and a distributor with independent third parties, we are of the view that the internal control in place ensures that the consideration (either by way of discount from selling price or rental rates or

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commission from gross revenue) payable to the Customers in terms of percentage or absolute amount is no less favourable to the Group than those offered by the Group to other distributors who are independent third parties.

In view of the above, we consider that the Company has established and implemented internal control procedures to ensure the Products are supplied to the Customers at selling prices and/or rental fees which are no less favourable to the Group than those offered by the Group to other comparable independent third parties.

CONCLUSION

Having considered the above principal factors, we are of the opinion that the terms of the Renewed Supply Framework Agreement, the Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap) are fair and reasonable and in the interest of the Company and the Shareholders as a whole. In addition, we consider that the Second Supplemental Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Company. Accordingly, we would recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favor of the ordinary resolution(s) to approve the Second Supplemental Agreement and the transactions contemplated thereunder (including the Further Revised Annual Cap) at the SGM.

Yours faithfully,

For and on behalf of

Grand Moore Capital Limited

Kevin So

Director — Investment Banking Department

Note: Mr. Kevin So is a licensed person under the SFO to undertake type 6 regulated activity (advising on corporate finance) and is a responsible officer in respect of Grand Moore Capital Limited's type 6 regulated activity (advising on corporate finance). Mr. So has over 16 years of experience in the corporate finance industry in Hong Kong.

1. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN EQUITY SECURITIES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) 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 were taken or deemed to have under such provisions of the SFO); (b) to be recorded in the register maintained by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Directors	Name of company/ associated corporation	Capacity/nature of interests	Number of Shares ⁽¹⁾	Approximate aggregate percentage of interests ⁽⁴⁾
Mr. Jay Chun	The Company	Beneficial owner	124,160	0.01%
	The Company	Interest of controlled corporation	630,836,720 ⁽²⁾	59.95%
			<u>630,960,880</u>	<u>59.96%</u>
Mr. Shan Shiyong, alias, Sin Sai Yung	The Company	Interest of controlled corporation	26,097,580 ⁽³⁾	2.48%

Notes:

- (1) All interests in Shares stated above represent long positions.
- (2) These Shares were held by August Profit, a company which is wholly-owned by Mr. Jay Chun, an executive Director.
- (3) These Shares were held by Best Top Offshore Limited, a company which is wholly-owned by Mr. Shan Shiyong, alias, Sin Sai Yung, an executive Director.
- (4) The percentage represents the number of Shares interested divided by the number of issued Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required (i) 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 would be taken or deemed to have under such provisions of the SFO); (ii) to be recorded in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

2. OTHER INTERESTS OF THE DIRECTORS

As at the Latest Practicable Date,

- (i) none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2021, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (ii) save as disclosed above, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO;
- (iii) none of the Directors has a service contract with the Company or any of its subsidiaries which is not expiring or determinable within one year without payment of compensation other than statutory compensation;
- (iv) none of the Directors had a material interest in any subsisting contract or arrangement which is significant in relation to the business of the Group; and
- (v) none of the Directors and their associates had any competing interest in a business which competes or is likely to compete either directly or indirectly with the business of the Group.

3. CONSENT OF EXPERT

The following is the qualification of the Independent Financial Adviser who has given opinion or advice contained in this circular:

Name	Qualifications
Grand Moore Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Grand Moore Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it is included.

As at the Latest Practicable Date, Grand Moore Capital Limited did not have (i) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (ii) any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed

to be acquired or disposed of by or leased to any member of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company was made up.

5. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange at (<http://www.hkexnews.hk>) and the website of the Company (<http://www.hk1180.com>) for a period of 14 days from the date of this circular:

- (i) the Renewed Supply Framework Agreement;
- (ii) the First Supplemental Agreement; and
- (iii) the Second Supplemental Agreement.

NOTICE OF SPECIAL GENERAL MEETING



PARADISE ENTERTAINMENT LIMITED

滙彩控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1180)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**” or “**SGM**”) of Paradise Entertainment Limited (the “**Company**”) will be held at Unit C, 19th Floor, Entertainment Building, 30 Queen’s Road Central, Hong Kong on Thursday, 28 July 2022 at 3:00 p.m. for the purpose of considering and, if think fit, passing with or without amendments the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (i) the supplemental agreement dated 2 June 2022 entered into between the Company and Mr. Feng (the “**Second Supplemental Agreement**”), a copy of which is tabled at the Meeting and marked “A” and initialled by the chairman of the Meeting for identification purposes, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (ii) the Further Revised Annual Cap as referred to in the circular of the Company dated 7 July 2022 be hereby approved and confirmed; and
- (iii) the directors or the company secretary of the Company be and are hereby authorised to, for and on behalf of the Company, do all such acts and things, sign and execute all such documents, deeds, instruments and agreements and take such steps as they may consider necessary, appropriate, desirable or expedient for the purpose of, in connection with or incidental to, the matters contemplated under the Second Supplemental Agreement, the Further Revised Annual Cap and the transactions contemplated thereunder.”

By Order of the Board

Paradise Entertainment Limited

Chan Kin Man

Company Secretary

Hong Kong, 7 July 2022

* For identification purposes only

NOTICE OF SPECIAL GENERAL MEETING

Notes:

- (1) For the purpose of determining the shareholders who are entitled to attend and vote at the SGM, the register of members of the Company will be closed from Friday, 22 July 2022 to Thursday, 28 July 2022 (both days inclusive). In order to qualify for attending and voting at the SGM, all transfer documents must be lodged for registration with the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:30 p.m. on Thursday, 21 July 2022.
- (2) A shareholder entitled to attend and vote at the SGM may appoint one or more than one proxy to attend and to vote instead of him. A proxy need not be a shareholder of the Company.
- (3) In the case of joint holders of any share, any one of such persons may vote at the SGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders is present at the SGM, personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
- (4) In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power or authority, must be deposited at the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of a form or proxy will not preclude shareholders from attending and voting in person should they so desire.
- (5) A form of proxy for use at the SGM is enclosed with the circular of the Company dated 7 July 2022 (the "**Circular**") dispatched to its shareholders.
- (6) As set out in the Letter from the Board included in the Circular, each of the resolutions set out in this notice shall be voted by poll and the board of directors of the Company recommends the shareholders to vote in favour of the resolutions to be proposed at the SGM. Please refer to the Circular for details of the matters for which the resolutions are concerned.
- (7) If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at or at any time after 8:30 a.m. on the date of the Meeting, the SGM will be postponed or adjourned. The Company will post an announcement on the websites of the Company at www.hk1180.com and The Stock Exchange of Hong Kong Limited at www.hkexnews.hk to notify the shareholders of the date, time and place of the rescheduled SGM. The SGM will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the SGM under bad weather condition bearing in mind their own situations.
- (8) Taking into account of the recent development of the epidemic caused by the Coronavirus Pandemic (Covid-19), the Company will implement the following prevention and control measures at the SGM against Covid-19 to protect the shareholders from the risk of infection:
 - (i) Compulsory body temperature check will be conducted for every shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.5 degrees Celsius will not be admitted to the SGM venue;
 - (ii) Every shareholder or proxy is required to wear surgical facial mask throughout the SGM; and
 - (iii) No refreshment will be served and no corporate gifts will be distributed.
 - (iv) Furthermore, the Company wishes to advise the shareholders, particularly shareholders who are subject to quarantine in relation to Covid-19, that they may appoint any person or the chairman of the SGM as a proxy to vote on the resolution, instead of attending the SGM in person.

NOTICE OF SPECIAL GENERAL MEETING

As at the date of this notice, the executive directors of the Company are Mr. Jay Chun (Chairman and Managing Director, also alternate director to Mr. Shan Shiyong, alias, Sin Sai Yung) and Mr. Shan Shiyong, alias, Sin Sai Yung and the independent non-executive directors of the Company are Mr. Li John Zongyang, Mr. Kai-Shing Tao and Ms. Tang Kiu Sam Alice.