

## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the [REDACTED], our Group has sought the following waivers from strict compliance with certain provisions of the Listing Rules:

### MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. We currently only have one executive Director, Mr. Pavel MARŠÍK, who is ordinarily resident in the Czech Republic.

Given that (i) our core business operations are principally located, managed and conducted in the Czech Republic, Germany and Austria; (ii) our executive Director and most of our senior management team principally reside in the Czech Republic, Germany and Austria; and (iii) the management and operations of the Company have mainly been under the supervision of our executive Director and senior management, who are principally responsible for the overall management, corporate strategy, planning, business development and control of our Group's businesses and it is important for them to remain in close proximity to our Group's operations, our Company considers that it would be more practical for our executive Director and most of our senior management to remain ordinarily resident in the places where our Group has substantial operations. For the above reasons, we do not have, and do not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, we will put in place the following measures to ensure that regular communication is maintained between the Stock Exchange and us:

- (a) we have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorised representatives are Mr. Cheong Thard HOONG and Mr. Kwok Tai LAW, who will be able to meet with the relevant members of the Stock Exchange on reasonable notice and will be readily contactable by telephone and email;
- (b) each of the authorised representatives will have all necessary means to contact all our Directors (including the independent non-executive Directors) promptly at all times, as and when the Stock Exchange wishes to contact our Directors on any matter;
- (c) each Director who is not ordinarily resident in Hong Kong possesses or is able to apply for valid travel documents to visit Hong Kong for business purposes and would be able to meet with the Stock Exchange upon reasonable notice;
- (d) Altus Capital Limited, our compliance adviser, will act as an additional channel of communication with the Stock Exchange; and

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- (e) each Director will provide his or her contact details, including mobile phone numbers, office phone numbers, fax numbers and e-mail address to the Stock Exchange.

**ALLOCATION OF SHARES TO [REDACTED] (AS DEFINED BELOW) UNDER THE [REDACTED]**

[REDACTED] who are entitled to participate in the [REDACTED] include certain Directors and their close associates (“[REDACTED]”), namely, Tan Sri Dato’ David CHIU and his spouse, Mrs. Nancy CHIU NG, Mr. Cheong Thard HOONG and his spouse, Ms. Pei Chun TENG, and Dr. Ngai Wing LIU. The [REDACTED] is required under paragraph 3(f) of Practice Note 15 of the Listing Rules. In the absence of prior written consent from the Stock Exchange, participation by the [REDACTED] in the [REDACTED] would be prohibited by paragraph 5(2) of Appendix 6 to the Listing Rules which restricts share allocations to directors or existing shareholders of the listing applicant or their close associates, whether in their own names or through nominees, unless the conditions set out in Rule 10.03 of the Listing Rules are fulfilled.

Rule 10.03 of the Listing Rules provides that directors of the listing applicant and their close associates may only subscribe for or purchase securities for which listing is sought which are being marketed by or on behalf of a new applicant if (a) no securities are offered to them on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and (b) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

The [REDACTED] to the [REDACTED] are [REDACTED] pursuant to the [REDACTED] and therefore the condition set out in Rule 10.03(1) of the Listing Rules is not fulfilled. However, the [REDACTED] who are eligible to participate in the [REDACTED] will be participating in their capacity as [REDACTED] rather than in their capacity as Directors or the close associates of Directors, on the same terms as all other [REDACTED], and not on a basis of preferential treatment given to them in their capacity as Directors or the close associates of Directors.

In view of the above, our Company has sought the Stock Exchange’s consent for, and the Stock Exchange [has granted] to our Company, a waiver from strict compliance with Rule 10.03 of the Listing Rules and a consent under paragraph 5(2) of Appendix 6 to the Listing Rules for the inclusion of [REDACTED], who are [REDACTED], as the eligible participants under the [REDACTED], subject to the conditions that:

- (a) no preferential treatment will be given to the [REDACTED] who are [REDACTED] in the allocation of the [REDACTED] under the [REDACTED];

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- (b) the [REDACTED] in their capacity as [REDACTED] will not apply for such number of [REDACTED] which is more than the total number of [REDACTED];
- (c) save for the [REDACTED], none of the [REDACTED] will participate or indicate any interest in the [REDACTED] and the [REDACTED];
- (d) the allocation of the [REDACTED] will be on a pro rata basis amongst all [REDACTED] (who have applied for the [REDACTED]) and no preferential treatment (in terms of allocation) will be given to the [REDACTED] (who have applied for the [REDACTED] and in their capacity as [REDACTED]) as compared to other [REDACTED]; and
- (e) the minimum public float requirement under Rule 8.08(1) of the Listing Rules will be complied with immediately after completion of the [REDACTED].

### THE POST-TRACK RECORD PERIOD ACQUISITIONS

Rules 4.04(2) and 4.04(4) of the Listing Rules require that the new applicant include in its accountants' report the results and balance sheet of any business or subsidiary acquired, agreed or proposed to be acquired, since the date to which its latest audited accounts have been made up, in respect of each of the three financial years immediately preceding the issue of the listing document.

Pursuant to note (4) of Rule 4.04(4) of the Listing Rules, the Stock Exchange may consider an application for a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules taking into account the following factors:

- (a) that all the percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) are less than 5% by reference to the most recent audited financial year of the new applicant's trading record period;
- (b) if the acquisition will be financed by the proceeds raised from a public offer, the new applicant has obtained a certificate of exemption from the SFC in respect of the relevant requirements under paragraphs 32 and 33 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and
- (c) (i) where a new applicant's principal activities involve the acquisition of equity securities (the Stock Exchange may require further information where securities acquired are unlisted), the new applicant is not able to exercise any control, and does not have any significant influence over the underlying company or business to which Rules 4.04(2) and 4.04(4) of the Listing Rules relate, and has disclosed in its listing document the reasons for the acquisition and a confirmation that the counterparties and their respective ultimate

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beneficial owners are independent of the new applicant and its connected persons. In this regard, "control" means the ability to exercise or control the exercise of 30% (or any amount specified in the Hong Kong Code on Takeovers and Mergers as the level for triggering a mandatory general offer) or more of the voting power at general meeting, or being in a position to control the composition of a majority of the board of directors of the underlying company or business; or (ii) with respect to an acquisition of a business (including acquisition of an associated company and any equity interest in a company other than in the circumstances covered under sub-paragraph (a) above) or a subsidiary by a new applicant, the historical financial information of such business or subsidiary is unavailable, and it would be unduly burdensome for the new applicant to obtain or prepare such financial information; and the new applicant has disclosed in its listing document information required for the announcement for a discloseable transaction under Rules 14.58 and 14.60 of the Listing Rules on each acquisition. In this regard, "unduly burdensome" will be assessed based on each new applicant's specific facts and circumstances (e.g. why the financial information of the acquisition target is not available and whether the new applicant or its controlling shareholder has sufficient control or influence over the seller to gain access to the acquisition target's books and records for the purpose of complying with the disclosure requirements under Rules 4.04(2) and 4.04(4) of the Listing Rules).

### Polish Acquisition

On 20 July 2023, Palasino Group entered into a share sale agreement with Mrs. Patrycja Sylwia Matysiak and Mrs. Justyna Mszanska (the "**Polish Vendors**") pursuant to which Palasino Group agreed to acquire the 100% shareholding interest of Palasino Poland held by the Polish Vendors for a cash consideration of PLN98,709 (equivalent to approximately HK\$187,547) (the "**Polish Acquisition**"). The consideration was determined after arm's length negotiation with reference to, among others, Palasino Poland's value to our business as a Polish corporate vehicle with the requisite financial track record to facilitate the launch of our land based gaming business in Poland. The consideration was settled in cash from internal resources and the Polish Acquisition was completed in July 2023.

Palasino Poland is a limited liability company incorporated in Poland on 11 May 2021 and, prior to the Polish Acquisition, was licenced to conduct car lease brokerage business. After the Polish Acquisition, it is intended that Palasino Poland would bid for casino licences in Poland.

There is currently minimal business in Poland and the Polish Acquisition is merely to facilitate the establishment of a Polish corporate vehicle to tender for casino licences in Poland. There is no assurance that we will be successful in the launch of the business, which is subject to, among others, winning any licences.

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Based on the unaudited management accounts of Palasino Poland, its total assets amounted to approximately PLN68,729 (equivalent to approximately HK\$130,585) as of 31 December 2022. Its net profit before tax was approximately PLN43,371 (equivalent to approximately HK\$82,405) for the year ended 31 December 2022 and its net profit after tax was approximately PLN39,468 (equivalent to approximately HK\$74,989) for the year ended 31 December 2022.

### Possible European Acquisition

On 26 July 2023, Palasino Group entered into a letter of intent with two individuals (the "European Vendors" and together with the Polish Vendors, the "Vendors"), pursuant to which Palasino Group expressed its intention to negotiate towards an agreement to purchase 100% of the shareholding interest in a licenced online and mobile poker and gaming operator in Europe (the "Target Company") held by the European Vendors for an indicative consideration of €3,500,000 (equivalent to approximately HK\$29,925,000) (the "Possible European Acquisition" and together with the Polish Acquisition, the "Acquisitions"). The Target Company is principally engaged in online and mobile gaming in a European licenced market and holds a general gaming licence and single licences for poker, slots, blackjack and roulette. The Possible European Acquisition is subject to satisfactory due diligence and the Target Company maintaining all of its licences. The Possible European Acquisition is part of our efforts to expand our footprint in the online gaming space.

The consideration is expected to be settled in cash and is based on arm's length negotiation between the European Vendors and us. Should the Possible European Acquisition proceed, we intend to use our internal resources to satisfy the consideration.

Based on the unaudited management accounts of the Target Company provided by the European Vendors, the Target Company's total assets amounted to approximately EUR476,300 (equivalent to approximately HK\$4,072,365) as of 31 December 2022. Its net profit before tax was approximately EUR300,969 (equivalent to approximately HK\$2,573,285) for the year ended 31 December 2022 and its net profit after tax was approximately EUR265,554 (equivalent to approximately HK\$2,270,487) for the year ended 31 December 2022. Its net profit before tax was approximately EUR96,227 (equivalent to approximately HK\$822,741) for the year ended 31 December 2021 and its net profit after tax was approximately EUR89,885 (equivalent to approximately HK\$768,517) for the year ended 31 December 2021.

The Possible European Acquisition is at an early stage and is yet to be finalised and the exact terms are to be negotiated. Due diligence is currently underway and there is no assurance that the Possible European Acquisition will proceed.

To the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendors are Independent Third Parties.

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### Conditions to the waiver granted by the Stock Exchange

We have applied to the Stock Exchange for, and the Stock Exchange [has granted] a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules in respect of the Acquisitions on the following grounds:

- i. **Immateriality** — the scale of the businesses operated by Palasino Poland and the Target Company as compared to that of our Group is not material. Based on the financial information of Palasino Poland and the Target Company available to our Company, each of the assets ratio, revenue ratio and profits ratio in relation to each of the Polish Acquisition and the Possible European Acquisition is below 5%. In addition, notwithstanding that the Acquisitions represent suitable strategic acquisition targets of our Group, the Acquisitions will not result in any significant change to our financial position since 31 March 2023 and all information that is reasonably necessary for the potential [REDACTED] to make an informed assessment of the activities or our financial position has been included in this document. As such, a waiver from compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the [REDACTED] public.
- ii. **Impracticality** — the Polish Acquisition was only completed in July 2023 and it will require considerable time and resources for our Company and our reporting accountants to first familiarise ourselves with the accounting policies of Palasino Poland, and then to gather and compile the necessary financial information and supporting documents to bring them in conformity with our Group's accounting policies and standards, as well as comply with Rule 4.04 of the Listing Rules for disclosure in this document. The Possible European Acquisition may or may not proceed and remains subject to negotiation between parties and certain conditions, including but not limited to satisfactory due diligence results. As such, our Company does not have full access to the relevant financial records of the Target Company for purposes of audit by its reporting accountant and disclosure in this document. Accordingly, having considered the immateriality of Palasino Poland and the Target Company as well as the time and resources required to obtain, compile and audit such historical information in conformity with our Company's accounting policies, it would be unduly burdensome for our Company to prepare and include the full historical financial information of Palasino Poland and the Target Company in this document.

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- iii. **Alternative disclosure** — with a view to allowing potential [REDACTED] to understand the Acquisitions in greater detail, we have included in this document the following information regarding the Acquisitions, which is comparable to the information that is required to be included in the announcement of a discloseable transaction under Chapter 14 of the Listing Rules, including: (a) general description of the scope of principal business activities of Palasino Poland and the Target Company; (b) confirmation that the Vendors are Independent Third Parties; (c) the consideration of the Acquisitions; (d) the basis on which the consideration is determined; (e) how the consideration was/is expected to be satisfied; and (f) reasons for and benefits of the Acquisitions. For the avoidance of doubt, the identities of the European Vendors and the Target Company are not disclosed in this document because (i) Palasino Group had entered into a confidentiality agreement with the European Vendors relating to the Possible European Acquisition; and (ii) given the competitive nature of the business and that we have not entered into any legally binding agreements with respect to the Possible European Acquisition as of the Latest Practicable Date, disclosure of the names of the European Vendors and the Target Company in this document is commercially sensitive and may jeopardise our ability to consummate the Possible European Acquisition, should we decide to proceed with it.