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## PARADISE ENTERTAINMENT LIMITED

滙彩控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1180)

### UPDATES ON MAJOR TRANSACTION GRANT OF EXCLUSIVE RIGHT TO MAKE, MARKET AND DISTRIBUTE ELECTRONIC GAMING SYSTEMS INVOLVING ASSIGNMENT AND LICENSE OF CERTAIN PATENTS AND ASSOCIATED TECHNOLOGY

Reference is made to the circular dated 21 June 2016 (the “**Circular**”) published by Paradise Entertainment Limited (the “**Company**”). Unless otherwise defined, terms used herein shall bear the same meanings as those defined in the Circular.

The Directors would like to provide the Shareholders and potential investors updates on the Transactions.

To the best knowledge of the Directors, IGT has commenced the making and placement of the Licensed Products. The earn-out payments entitled by the Company as a result of such placement of the Licensed Products amounted to approximately US\$162,000 (equivalent to approximately HK\$1,264,000) and approximately US\$129,000 (equivalent to approximately HK\$1,006,000) for the year ended 31 December 2016 and the six months ended 30 June 2017, respectively. Such earn-out payments were calculated in accordance with the terms of the Agreement, which state that such payments shall be calculated based on (i) the number of Licensed Products placed times a flat fee per unit for the Licensed Products placed by IGT through sale; and (ii) the number of Licensed Products placed times a flat fee per unit per day for the Licensed Products placed by IGT through leasing. For further details of such calculation basis, please refer to the paragraph headed “Fees” in the Circular.

Subsequent to the signing of the Agreement, a dispute arose among the LTG Parties and IGT as to whether the LTG Parties have to provide certain technology (not being possessed by the LTG Parties) to IGT that may be required for IGT to make and place the Licensed Products under the Agreement (the “**Dispute**”). On 17 October 2017, upon commercial negotiation of the parties with the view to resolving the Dispute, the LTG Parties agreed in writing with IGT that they shall pay to IGT a sum of US\$800,000 (equivalent to approximately HK\$6,240,000) (the “**Settlement Amount**”) for complete resolution of the Dispute, which was determined based on the sharing by the LTG Parties of the

\* For identification purposes only

estimated costs for the required technology. The parties further agreed that the Settlement Amount shall first set-off against any earn-out payments owed by IGT to the LTG Parties under the Agreement until 30 September 2018, and any outstanding Settlement Amount not being set-off by such date will need to be paid by the LGT Parties to IGT in cash by 15 October 2018. As such, the Directors expect that actual receipt of earn-out payments will start no later than 1 October 2018. The Directors consider that the payment of the Settlement Amount has no material adverse impact on the transactions under the Agreement and on the business and financial position of the Group.

Notwithstanding the above payment to IGT, the Board maintains its view regarding the estimated amount of earn-out payments to be paid by IGT as set out in the Circular, which is approximately US\$44 million (equivalent to approximately HK\$343 million) during the Term, given (i) the Board did not note any material change to the basis of estimating such earn-out payments after its review, and (ii) with the above-mentioned payment for certain technology required by IGT, the Directors expect that IGT would be able to make and sell the Licensed Products in accordance with its original sale plans. For further details of the basis of the estimated amount of earn-out payments, please refer to the paragraph headed “Fees” and “FINANCIAL EFFECT OF THE TRANSACTIONS — d. Earnings” of the Circular.

By Order of the Board  
**Paradise Entertainment Limited**  
**Chan Kin Man**  
*Company Secretary*

Hong Kong, 14 December 2017

*As at the date of this announcement, the executive Directors are 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 and Mr. Hu Liming and the independent non-executive Directors are Mr. Li John Zongyang, Mr. Kai-Shing Tao and Ms. Tang Kiu Sam Alice.*