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PARADISE ENTERTAINMENT LIMITED

滙彩控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1180)

CONNECTED TRANSACTION THE AGENCY AGREEMENT

LT Game (a non-wholly owned subsidiary of the Company) has, in its ordinary and usual course of business, engaged the Independent Supplier to (i) research and develop certain gaming equipment; and (ii) upon satisfactory development of such gaming equipment, produce it in bulk for LT Game's onwards sales (i.e. the Procurement Transaction), at a maximum cash consideration of RMB27,500,000 (equivalent to approximately HK\$34,098,000).

The Board hereby announces that on 12 February 2018, LT Game entered into the Agency Agreement with Shanghai Libiao (a connected person of the Company), pursuant to which LT Game has engaged Shanghai Libiao as its agent for the purpose of the Procurement Transaction to, among others, procure the research and development of, and purchase the gaming equipment from the Independent Supplier. The term of the Agency Agreement will commence from the date of the Agency Agreement up to the completion of the Procurement Transaction, which is expected to be in 2020, or on 31 December 2020, whichever is earlier.

In return for the performance of the above services under the Agency Agreement, LT Game will pay a one-off agency fee of RMB100,000 (equivalent to approximately HK\$124,000) in cash to Shanghai Libiao upon completion of the Procurement Transaction.

LT Game is an indirect non-wholly owned subsidiary of the Company. Shanghai Libiao is wholly-owned by Mr. Hu Liming, an executive Director. Therefore, Shanghai Libiao is an associate of Mr. Hu Liming and a connected person of the Company. As such, the transaction under the Agency Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that the applicable percentage ratios in respect of such transaction are more than 0.1% but less than 5%, such transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

* For identification purposes only

INTRODUCTION

LT Game (a non-wholly owned subsidiary of the Company) has, in its ordinary and usual course of business, engaged a designated gaming equipment supplier, which is an Independent Third Party (the “**Independent Supplier**”) to (i) research and develop certain gaming equipment; and (ii) upon satisfactory development of such gaming equipment, produce it in bulk for LT Game’s onwards sales (collectively, the “**Procurement Transaction**”). Such development and production by the Independent Supplier is expected to be completed in 2020 or on 31 December 2020, whichever is earlier, and the maximum cash consideration for this transaction is RMB27,500,000 (equivalent to approximately HK\$34,098,000), which is determined through mutual negotiation between LT Game and the Independent Supplier with reference to prevailing market prices of similar gaming equipment.

The Board hereby announces that on 12 February 2018, LT Game entered into the Agency Agreement with Shanghai Libiao (a connected person of the Company), pursuant to which LT Game has engaged Shanghai Libiao as its agent for the purpose of the Procurement Transaction to, among others, procure the research and development of, and purchase the gaming equipment from the Independent Supplier.

PRINCIPAL TERMS OF THE AGENCY AGREEMENT

The principal terms of the Agency Agreement are summarised below:

Date

12 February 2018 (after trading hours)

Parties

- (i) LT Game, a non-wholly owned subsidiary of the Company
- (ii) Shanghai Libiao, a connected person of the Company

Term

A period from the date of the Agency Agreement up to the completion of the Procurement Transaction, which is expected to be in 2020, or on 31 December 2020, whichever is earlier.

Nature of the transaction

In order to facilitate the Procurement Transaction, LT Game has entered into the Agency Agreement with Shanghai Libiao to engage Shanghai Libiao as its agent for the purpose of the Procurement Transaction and mainly to perform the following on behalf of LT Game and upon LT Game’s specific instructions:

- (i) procurement and arrangement of payment of the research and development of the gaming equipment; and

- (ii) placement of production orders, arrangement of payment, receipt in the PRC, inspection and performance of quality check of the gaming equipment to be produced by the Independent Supplier in bulk.

Pursuant to the Agency Agreement, Shanghai Libiao shall be responsible for any losses and damages of the Group resulting from the breach or delay in the performance of Shanghai Libiao's obligations under the Agency Agreement caused by the fault, negligence or misconduct of Shanghai Libiao, its representatives and/or employees.

Consideration and payment

In return for the performance of the above services under the Agency Agreement, LT Game will pay a one-off agency fee of RMB100,000 (equivalent to approximately HK\$124,000) in cash to Shanghai Libiao upon completion of the Procurement Transaction, which is expected to be in 2020, or on 31 December 2020, whichever is earlier. Such agency fee is determined through mutual negotiation between LT Game and Shanghai Libiao with reference to prevailing market prices for similar agency services provided by Independent Third Party, and the expected costs to be incurred by Shanghai Libiao such as labour and other administrative costs. The Directors expect to settle the agency fee by internal cash resources of the Group.

REASONS AND BENEFITS FOR THE TRANSACTION

The Group has been, in its ordinary and usual course of business, developing electronic gaming equipment and systems for sale in Macau and the overseas market, and specialising in developing table game automation and innovative technologies that improve game efficiency and optimise operations.

Shanghai Libiao is engaged as LT Game's agent for the first time and for the purpose of the Procurement Transaction since Shanghai Libiao is able to provide a "one-stop" agency service for LT Game in the PRC including (i) arranging settlement of the consideration under the Procurement Transaction in RMB on LT Game's behalf; (ii) assisting LT Game in inspecting and negotiating for any quality issues of the gaming equipment; and (iii) exporting and delivering the gaming equipment to be produced by the Independent Supplier to LT Game or its customers, as Shanghai Libiao possesses the necessary technical knowledge and logistic capacity to export different gaming equipment outside the PRC.

The Directors (including the independent non-executive Directors) are of the view that the transaction under the Agency Agreement is conducted on normal commercial terms, is entered into in the ordinary and usual course of business of the Group, the terms of the transaction under the Agency Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. As Shanghai Libiao is wholly-owned by Mr. Hu Liming, an executive Director, Mr. Hu Liming is regarded as having a material interest in the transaction contemplated under the Agency Agreement and has accordingly abstained from voting on the Board resolutions approving the Agency Agreement. Save as disclosed herein, there is no other Director who has a material interest in the transaction contemplated under the Agency Agreement and is required to abstain from voting on the Board resolutions approving the Agency Agreement.

IMPLICATIONS UNDER THE LISTING RULES

LT Game is an indirect non-wholly owned subsidiary of the Company. Shanghai Libiao is wholly-owned by Mr. Hu Liming, an executive Director. Therefore, Shanghai Libiao is an associate of Mr. Hu Liming and a connected person of the Company. As such, the transaction under the Agency Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that the applicable percentage ratios in respect of such transaction are more than 0.1% but less than 5%, such transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

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

LT Game is principally engaged in the development, sale and leasing of electronic gaming equipment and systems.

Shanghai Libiao is principally engaged in the provision of industrial machinery and equipment parts (such as casting parts, precision machine parts, plastic parts and molds) procurement services to enterprises including those in Europe and the USA and foreign-owned enterprises in the PRC.

DEFINITIONS

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

“Agency Agreement”	the agency agreement dated 12 February 2018 entered into between LT Game and Shanghai Libiao
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“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 same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	an individual(s) or a company(ies) who or which is(are) independent of the Company and connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“LT Game”	LT Game Limited, a company incorporated in the British Virgin Islands with limited liability, which is owned as to 82% by the Company and 18% by Mr. Pak Suil
“Macau”	the Macao Special Administrative Region of the PRC
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Libiao”	Shanghai Libiao Industrial Co., Ltd. [#] (上海力標實業有限公司), a company incorporated in the PRC and wholly-owned by Mr. Hu Liming, an executive Director
“Share(s)”	the ordinary share(s) of HK\$0.001 each in the share capital of the Company

[#] For identification purposes only

“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USA”	the United States of America
“%”	per cent.

For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at an exchange rate of HK\$1:RMB0.8065. The usage of such exchange rate is for illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged or converted at the above rate or at any other rate at all.

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

Hong Kong, 12 February 2018

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.