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PARADISE ENTERTAINMENT LIMITED

滙彩控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1180)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

SUBSCRIPTION AGREEMENT

On 4 November 2013, the Company has entered into the Subscription Agreement with the Subscribers pursuant to which the Subscribers have conditionally agreed to subscribe and the Company has conditionally agreed to allot and issue an aggregate of 33,739,130 new Shares at the Subscription Price of HK\$2.30 per Subscription Share for an aggregate consideration of approximately HK\$77,600,000. The nominal value of the Subscription Shares is approximately HK\$33,739.

The Subscription Shares represent approximately 3.45% of the existing issued share capital of the Company and approximately 3.33% of the issued share capital of the Company as enlarged by the Subscription. The Subscription Shares will be issued under the General Mandate and will rank pari passu with the existing Shares.

Completion of the Subscription pursuant to the Subscription Agreement is conditional upon the Listing Committee of the Stock Exchange agreeing to grant an approval for the listing of, and permission to deal in, the Subscription Shares.

Potential investors and Shareholders should exercise caution when dealing in the securities of the Company.

* For identification purpose only

SUBSCRIPTION AGREEMENT

Date: 4 November 2013

Parties:

Issuer: The Company

Subscribers: (1) Swiftcurrent Partners; and (2) Swiftcurrent Offshore

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Swiftcurrent Partners and Swiftcurrent Offshore are investment funds managed by Bridger Management LLC, an investment manager based in the United States; and each of the Subscribers and Bridger Management LLC is a third party independent of the Company and not connected with any director, chief executive, substantial shareholders of the Company or its subsidiaries or any of their respective associates (as defined in the Listing Rules) and is not a connected person of the Company.

Subscription Shares:

33,739,130 new Shares, representing approximately 3.45% of the Company's existing issued share capital and about 3.33% of its issued share capital as enlarged by the Subscription.

Subscription Price:

The Subscription Price of HK\$2.30 per Subscription Share, represents:

- (a) a discount of approximately 14.50% to the closing price of HK\$2.69 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (b) a premium of approximately 3.88% over the average closing price of HK\$2.214 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Subscription Agreement; and
- (c) a premium of approximately 9.94% over the average closing price of HK\$2.092 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to the date of the Subscription Agreement.

The Subscription Price was determined with reference to the prevailing market price of the Share and was negotiated on an arm's length basis between the Company and the Subscribers on the date of the Subscription Agreement. The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Lock-up Period:

Each of the Subscribers undertakes not to sell or transfer any of the Subscription Shares for a period of 180 days from the Completion Date.

Mandate to issue the Subscription Shares:

The Subscription is not subject to Shareholders' approval as the Subscription Shares will be issued under the General Mandate. The maximum number of new Shares which could be issued under the General Mandate is 183,028,895 Shares. As at the date of this announcement, 45,500,000 Shares will be issued by the Company upon any exercise of the subscription rights attaching to the Warrants under the General Mandate, details of which were disclosed in the announcement of the Company dated 11 August 2013. As such, the remaining number of new Shares that could be issued by the Company under the General Mandate is 137,528,895 Shares.

Ranking:

The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with all existing Shares presently in issue and at the time of issue and allotment of the Subscription Shares.

Condition of the Subscription:

Completion of the Subscription Agreement is subject to the fulfillment (or waiver) of the following conditions:

- (a) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Subscription Shares;
- (b) the warranties set out in the Subscription Agreement remaining true and correct in all material respects; and
- (c) if applicable, the Bermuda Monetary Authority granting its consent to the allotment and issue of the Subscription Shares.

None of the conditions precedent may be waived by any party, save for item (b) above which can be waived by the Subscribers. In the event that any of the conditions referred to above is not fulfilled or waived in full at or before 5:00 p.m. on 18 November 2013 (or such other time and date as may be agreed between the Company and the Subscribers), the Subscription Agreement shall cease and determine and thereafter, neither party shall have any obligations and liabilities hereunder save for any antecedent breaches of the provisions hereof.

Completion of Subscription:

The fifth business day immediately after the conditions have been fulfilled or waived (or such other date as the parties may agree in writing).

Termination:

The Subscribers may terminate the Subscription Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time on or before 10:00 a.m. (Hong Kong time) on the Completion Date if, if at any time prior to 9:00 a.m. (Hong Kong time) on the Completion Date, there develops, occurs or comes into force:

- any new law or regulation or any change or development involving a prospective change in existing laws or regulations which has or is likely to have a material adverse effect on the financial position of the Group as a whole; or
- any significant change (whether or not permanent) in local, national or international monetary, economic, financial, political or military conditions which is or would be material in the context of the Subscription; or
- any significant change (whether or not permanent) in local, national or international securities market conditions or currency exchange rates or exchange controls which is or would be material in the context of the Subscription; or makes it impracticable or inadvisable or inexpedient to proceed therewith; or
- a general moratorium on commercial banking activities in Hong Kong, the PRC, London or New York declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the PRC, Singapore, the United Kingdom or the United States; or
- a change or development involving a prospective material change in taxation adversely affecting the Company, the Subscription Shares or the transfer thereof; or
- any outbreak or escalation of hostilities or act of terrorism involving Hong Kong, the PRC, Singapore, the United Kingdom or the United States or the declaration by Hong Kong, the PRC, Singapore, the United Kingdom or the United States of a national emergency or war; or
- any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the London Stock Exchange, the New York Stock Exchange or Nasdaq due to exceptional financial circumstances or otherwise at any time prior to the Completion Date; or
- any material breach of any of the Warranties by the Company set out in the Subscription Agreement comes to the knowledge of the Subscribers or any event occurs or any matter arises on or after the date hereof and prior to the Completion Date which if it had occurred or arisen before the date hereof would have rendered any of such representations, warranties and undertakings untrue or incorrect in any respect or there has been a breach of, or failure to perform, any other provision of the Subscription Agreement on the part of the Company; or
- there is any such adverse material change, or development involving a prospective material adverse change, in the general affairs, condition, results of operations or prospects, management, business, stockholders' equity or in the financial or trading position of the Company or the Group as a whole which is material in the context of the Subscription.

APPLICATION FOR LISTING

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of an approval for the listing of, and permission to, deal in the Subscription Shares.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

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

The Directors consider that it is in the interests of the Company to raise capital from the equity market in order to improve the working capital position of the Group and to enhance the capital base of the Company. The Company will be able to raise gross proceeds of approximately HK\$77,600,000 and net proceeds of approximately HK\$77,300,000 (equivalent to approximately HK\$2.29 per Subscription Share) from the Subscription. The Company will apply the estimated net proceeds of the Subscription as the general working capital of the Company. The Company has not identified any targets for acquisitions or any concrete investment plan as at the date of this announcement. The Directors, including independent non-executive Directors, consider the terms of the Subscription Agreement to be fair and reasonable and are in the best interests of the Company, as far as the Shareholders as a whole are concerned.

SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 978,142,185 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the Completion (assuming that there will be no further changes in the issued share capital of the Company prior to the Completion) are as follows:

	As at the date of this announcement		Immediately after the Completion	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Mr. Jay Chun (<i>Note 1</i>)	628,820,880	64.29	628,820,880	62.14
Mr. Shan Shiyong, alias, Sin Sai Yung (<i>Note 2</i>)	26,097,580	2.66	26,097,580	2.58
Subscribers				
– Swiftcurrent Partners	–	–	13,394,435	1.32
– Swiftcurrent Offshore	–	–	20,344,695	2.01
Sub-total	–	–	33,739,130	3.33
Public Shareholders	323,223,725	33.05	323,223,725	31.95
Total	<u>978,142,185</u>	<u>100.00</u>	<u>1,011,881,315</u>	<u>100.00</u>

Notes:

1. Among the 628,820,880 Shares owned by Mr. Jay Chun (an executive Director), 628,696,720 Shares are held by August Profit Investments Limited, a company wholly owned by Mr. Jay Chun.
2. The 26,097,580 Shares are held by Best Top Offshore Limited, a company wholly owned by Mr. Shan Shiyong, alias, Sin Sai Yung (an executive Director).

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The following table summarises the equity fund raising activities of the Company in the past 12 months immediately prior to the date of this announcement:

Date of announcement	Description	Net proceeds raised (approximately)	Intended use of proceeds from fund raising	Actual use of proceeds as of the date of this announcement
11 August 2013	Issue of the Warrants at the issue price of HK\$0.03 per Warrant	HK\$1,165,000 raised for the issue of the Warrants.	For general working capital	Applied for general working capital
		As at the date of this announcement, none of the subscription rights to subscribe for 45,500,000 new Shares at HK\$1.30 each attached to the Warrants have been exercised.		

Potential investors and Shareholders should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Paradise Entertainment Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange
“Completion”	Completion of the Subscription pursuant to the terms of the Subscription Agreement

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors to exercise the power of the Company to issue securities up to 20% of the Company’s issued share capital as at the date of the annual general meeting of the Company held on 28 June 2013
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected person(s)
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the Peoples’ Republic of China, for the purpose of this announcement, not including Hong Kong, the Macau Special Administrative Region of the PRC, and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.001 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber(s)”	collectively, Swiftcurrent Partners and Swiftcurrent Offshore and “Subscriber” refer to any of them
“Subscription”	the subscription of the Subscription Shares pursuant to the terms of the Subscription Agreement
“Subscription Agreements”	the subscription agreement dated 4 November 2013 between the Company and the Subscribers in connection with the Subscription
“Subscription Price”	HK\$2.30 per Subscription Share
“Subscription Shares”	33,739,130 new Shares to be issued by the Company to the Subscribers pursuant to the Subscription Agreement

“Swiftcurrent Offshore”	Swiftcurrent Offshore Ltd., an exempted company organized under the laws of the Cayman Islands, one of the Subscribers to the Subscription Agreement
“Swiftcurrent Partners”	Swiftcurrent Partners, L.P., a limited partnership established under the laws of Delaware, one of the Subscribers to the Subscription Agreement
“Warrant(s)”	the total of 45,500,000 unlisted warrants conferring rights to subscribe for 45,500,000 new Shares at a subscription price of HK\$1.30 (subject to adjustment), at any time during the one-year period commencing from 22 August 2013
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board of
Paradise Entertainment Limited
Stella Ho
Company Secretary

Hong Kong, 4 November 2013

As at the date of this announcement, the executive Directors are Mr. Jay Chun (Chairman and Managing Director), Mr. Shan Shiyong, alias, Sin Sai Yung and Mr. Hu Liming and the independent non-executive Directors are Mr. Frank Hu, Mr. Li John Zongyang and Mr. Kuan Hin Meng.