



# PARADISE ENTERTAINMENT LIMITED

滙彩控股有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1180)



\* For identification purpose only



## RESULTS

The board (the "Board") of directors (the "Director") of Paradise Entertainment Limited (the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2014 together with the comparative figures for the relevant period in 2013 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
	Notes	<b>2014</b>	2013
		<b>HK\$'000</b>	HK\$'000
<b>Turnover</b>	3	<b>610,447</b>	405,132
Cost of sales and services		<b>(247,890)</b>	(153,692)
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Gross Profit		<b>362,557</b>	251,440
Other income		<b>3,916</b>	1,014
Marketing, selling and distribution costs		<b>(119,572)</b>	(80,136)
Administrative expenses		<b>(123,611)</b>	(110,911)
Impairment loss for doubtful debts		<b>(15)</b>	(67)
Finance costs		<b>(4,443)</b>	(4,298)
Amortisation of intangible assets		<b>(33,466)</b>	(8,352)
Loss on early redemption of promissory note		<b>(34,890)</b>	–
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<b>Profit before tax</b>		<b>50,476</b>	48,690
Income tax expenses	6	<b>(7)</b>	(3,315)
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<b>Profit for the period</b>	4	<b>50,469</b>	45,375
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Attributable to:			
Owners of the Company		<b>45,596</b>	40,160
Non-controlling interests		<b>4,873</b>	5,215
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		<b>50,469</b>	45,375
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Earnings per share (HK cents)	8		
– Basic		<b>4.32</b>	12.27
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– Diluted		<b>4.32</b>	10.71
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## CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Profit for the period	<b>50,469</b>	45,375
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements	<b>(237)</b>	117
Total comprehensive income for the period, net of tax	<b>50,232</b>	45,492
Total comprehensive income attributable to:		
Owners of the Company	<b>45,359</b>	40,277
Non-controlling interests	<b>4,873</b>	5,215
	<b>50,232</b>	45,492



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2014</b>	2013
Notes		<b>HK\$'000</b>	HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	9	<b>192,544</b>	182,728
Intangible assets	10	<b>735,996</b>	769,462
		<b>928,540</b>	952,190
<b>Current assets</b>			
Inventories		<b>25,032</b>	14,603
Debtors, deposits and prepayments	11	<b>173,339</b>	248,833
Bank and cash balances		<b>340,299</b>	266,699
		<b>538,670</b>	530,135
<b>Current liabilities</b>			
Creditors and accrued charges	12	<b>107,712</b>	152,580
Amounts due to directors	17	<b>3,130</b>	3,947
Obligations under finance leases			
– due within one year	13	<b>120</b>	116
Dividend payable	7	<b>53,199</b>	–
Current tax liabilities		<b>10,675</b>	12,035
		<b>174,836</b>	168,678
<b>Net current assets</b>		<b>363,834</b>	361,457
<b>Total assets less current liabilities</b>		<b>1,292,374</b>	1,313,647



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2014</b>	2013
Notes		<b>HK\$'000</b>	HK\$'000
<b>Non-current liabilities</b>			
Obligations under finance leases			
– due after one year	13	<b>127</b>	187
Promissory note	14	<b>63,334</b>	126,170
Deferred tax liabilities		<b>12,000</b>	12,000
		<b>75,461</b>	138,357
<b>Net assets</b>		<b>1,216,913</b>	1,175,290
<b>Capital and reserves</b>			
Share capital	15	<b>1,064</b>	1,025
Reserves		<b>1,188,325</b>	1,146,761
Equity attributable to owners of the Company		<b>1,189,389</b>	1,147,786
Non-controlling interests		<b>27,524</b>	27,504
<b>Total equity</b>		<b>1,216,913</b>	1,175,290



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net cash generated from operating activities	<b>224,056</b>	52,861
Net cash used in investing activities	<b>(38,582)</b>	(116,533)
Net cash used in financing activities	<b>(111,651)</b>	(3,645)
Net increase (decrease) in cash and cash equivalents	<b>73,823</b>	(67,317)
Effect of foreign exchange rate changes	<b>(223)</b>	107
Cash and cash equivalents at beginning of the period	<b>266,699</b>	196,169
Cash and cash equivalents at end of the period	<b>340,299</b>	128,959
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS, represented by</b>		
Bank and cash balances	<b>340,299</b>	128,959



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For six months ended 30 June 2014

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Option reserve HK\$'000	Convertible loans reserve HK\$'000	Warrant reserve HK\$'000	Translation reserve HK\$'000	Accumulated profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2014	1,025	903,651	119,612	1,893	-	952	21,471	99,182	1,147,786	27,504	1,175,290
Profit for the period	-	-	-	-	-	-	-	45,596	45,596	4,873	50,469
Exchange differences on translation of financial statements	-	-	-	-	-	-	(237)	-	(237)	-	(237)
Total comprehensive income for the period	-	-	-	-	-	-	(237)	45,596	45,359	4,873	50,232
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(4,860)	(4,860)
Dividend declared	-	-	-	-	-	-	-	(53,199)	(53,199)	-	(53,199)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	(7)	(7)	7	-
Issue of shares on exercise of share options and warrants	39	52,256	-	(1,893)	-	(952)	-	-	49,450	-	49,450
At 30 June 2014	1,064	955,907	119,612	-	-	-	21,234	91,572	1,189,389	27,524	1,216,913

For six months ended 30 June 2013

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Option reserve HK\$'000	Convertible loans reserve HK\$'000	Translation reserve HK\$'000	Accumulated profits (losses) HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000	
At 1 January 2013	284,144	581,629	88,643	3,787	6,235	21,257	(597,451)	388,244	20,460	408,704	
Profit for the period	-	-	-	-	-	-	40,160	40,160	5,215	45,375	
Exchange differences on translation of financial statements	-	-	-	-	-	117	-	117	-	117	
Total comprehensive income for the period	-	-	-	-	-	117	40,160	40,277	5,215	45,492	
Recognition of equity component of convertible loans	31,000	982	-	-	(886)	-	-	31,096	-	31,096	
Capital reorganisation	(314,829)	(316,040)	30,969	-	-	-	599,900	-	-	-	
Issue of new shares	600	479,400	-	-	-	-	-	480,000	-	480,000	
At 30 June 2013	915	745,971	119,612	3,787	5,349	21,374	42,609	939,617	25,675	965,292	



NOTES:

**(1) Basis of preparation**

These condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

**(2) Accounting policies**

The accounting policies adopted for the preparation of the condensed consolidated interim financial statements are consistent with those set out in the Group’s consolidated annual financial statements for the year ended 31 December 2013, except for adoption of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are effective to the Group for accounting periods beginning on or after 1 January 2014. The adoption of the new HKFRSs has no material impact on the Group’s results and financial position for the current or prior periods.





### (3) **Turnover and segment information**

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

- Casino service – Provision of casino services to casinos in Macau
- Gaming system – Development and supply of electronic gaming system

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) is managed on a group basis and is not allocated to operating segments.



### (3) Turnover and segment information (Continued)

	Unaudited							
	Six months ended 30 June							
	Casino service		Gaming system		Others		Total	
2014	2013	2014	2013	2014	2013	2014	2013	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Revenue</b>								
Revenue from external customers	<b>530,430</b>	315,227	<b>80,017</b>	89,905	-	-	<b>610,447</b>	405,132
<b>Segment results</b>	<b>99,996</b>	48,868	<b>3,092</b>	14,507	<b>(13,279)</b>	(10,387)	<b>89,809</b>	52,988
Finance costs							<b>(4,443)</b>	(4,298)
Loss on early redemption of promissory note							<b>(34,890)</b>	-
<b>Profit before tax</b>							<b>50,476</b>	48,690
Income tax expenses							<b>(7)</b>	(3,315)
<b>Profit for the period</b>							<b>50,469</b>	45,375
<b>Other information</b>								
Capital expenditure	<b>24,595</b>	51,481	<b>12,239</b>	3,575	<b>2,060</b>	1,479	<b>38,894</b>	56,535
Amortisation	<b>6,069</b>	6,069	<b>27,397</b>	2,283	-	-	<b>33,466</b>	8,352
Depreciation	<b>19,351</b>	11,301	<b>5,196</b>	5,445	<b>422</b>	361	<b>24,969</b>	17,107



#### (4) Profit for the period

Profit for the period has been arrived at after charging:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Auditors' remuneration	<b>524</b>	396
Amortisation for intangible assets	<b>33,466</b>	8,352
Consultancy fee	<b>1,156</b>	3,117
Cost of inventories recognised as expenses	<b>4,956</b>	25,980
Depreciation of property, plant and equipment	<b>24,969</b>	17,107
Impairment loss for amount due from an associate	<b>15</b>	67
Loss on disposal of property, plant and equipment	<b>13</b>	40
Operating lease rentals paid in respect of rented premises	<b>4,894</b>	4,651
Staff costs		
– Directors' remunerations (note 5)	<b>13,006</b>	13,004
– Other staffs		
– Salaries and other benefits	<b>38,650</b>	29,083
– Retirement benefit scheme contributions	<b>498</b>	349
Total staff costs	<b>52,154</b>	42,436



## (5) Directors' remuneration

The remuneration of directors during the period was as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Directors' fees	<b>182</b>	180
Salaries and other benefits	<b>12,060</b>	12,060
Retirement benefit scheme contributions	<b>14</b>	14
Accommodation benefits	<b>750</b>	750
	<b>13,006</b>	13,004

The remuneration of directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

## (6) Income tax expenses

The income tax expenses during the period was as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Provision for:		
Current tax	<b>7</b>	4,115
Deferred tax	<b>-</b>	(800)
	<b>7</b>	3,315



## (6) **Income tax expenses (Continued)**

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group did not generate any assessable profit in Hong Kong for the period. The provision for current tax is calculated on the assessable profit at the prevailing tax rate in Macau and PRC in which the Group operates, and ranging from 12% to 25% (2013: 12% to 25%).

Deferred taxation is calculated in full on temporary differences under the liability method using applicable tax rates prevailing in the jurisdictions in which the Group operates. Deferred tax liabilities of HK\$12.0 million (2013: HK\$12.0 million) arising from temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. No deferred tax asset has been recognised in respect of tax losses as the recoverability of these potential deferred tax assets is uncertain.

## (7) **Dividends**

Final dividend of HK\$0.05 per share in respect of the year ended 31 December 2013 (2012: Nil) was declared and approved during the period ended 30 June 2014 and paid to the shareholders of the Company on 15 July 2014. The aggregate amount of the final dividend of approximately HK\$53,199,000 (2012: Nil) has been recognised as a liability in the condensed consolidated interim financial statements.

The Board recommends the payment of an interim dividend of HK\$0.02 per share for the period ended 30 June 2014 (2013: Nil).



## (8) Earnings per share

The calculation of the basic and diluted earnings per share is based on the following:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit</b>		
Profit attributable to owners of the Company, used in the basic earnings per share calculation	<b>45,596</b>	40,160
Interest on convertible bonds	–	3,762
	<hr/>	<hr/>
Profit attributable to owners of the Company before interest on convertible bonds	<b>45,596</b>	43,922
	<hr/> <hr/>	<hr/> <hr/>
	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2014</b>	<b>2013</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>1,056,311,149</b>	327,266,025
Effect of dilutive potential ordinary shares on convertible notes	–	82,740,501
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<b>1,056,311,149</b>	410,006,526
	<hr/> <hr/>	<hr/> <hr/>



### (9) Property, plant and equipment

During the period, additions to the property, plant and equipment amounted to HK\$38.9 million, which includes HK\$17.7 million of gaming facilities and HK\$17.8 million of leasehold improvements.

### (10) Intangible assets

The decrease in value of intangible assets represents amortization of various patents and patent applications regarding the betting terminal system.

### (11) Debtors, deposits and prepayments

The Group normally allows a credit period of 30 days and 90 to 180 days to its gaming partners and trade debtors, respectively. The credit policy is consistent with the gaming industry practice in Macau.

<b>Unaudited</b>	Audited
<b>30 June</b>	31 December
<b>2014</b>	2013
<b>HK\$'000</b>	HK\$'000

The ageing analysis of trade debtors is as follows:

Within 30 days	<b>76,115</b>	172,599
31 – 60 days	<b>18</b>	1,121
61 – 90 days	<b>971</b>	1,331
Over 90 days	<b>20,763</b>	16,790
	<b>97,867</b>	191,841
Other debtors, deposits and prepayments	<b>75,472</b>	56,992
	<b>173,339</b>	248,833



## (12) Creditors and accrued charges

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
The ageing analysis of trade creditors is as follows:		
Within 30 days	<b>27,908</b>	67,295
31 – 60 days	<b>10,459</b>	6,348
61 – 90 days	<b>8,826</b>	245
91 – 365 days	<b>11,133</b>	1,684
	<b>58,326</b>	75,572
Other creditors and accrued charges	<b>49,386</b>	77,008
	<b>107,712</b>	152,580





### (13) Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	Unaudited 30 June 2014 HK\$'000	Audited 31 December 2013 HK\$'000	Unaudited 30 June 2014 HK\$'000	Audited 31 December 2013 HK\$'000
Within one year	132	132	120	115
More than one year, but not exceeding two years	131	132	127	123
More than two years, but not exceeding five years	-	65	-	65
	<b>263</b>	329	<b>247</b>	303
Less: Future finance charges	<b>(16)</b>	(26)	-	-
Present value of lease obligations	<b>247</b>	303	<b>247</b>	303
Less: Amounts due for settlement within one year (shown under current liabilities)			<b>(120)</b>	(116)
Amounts due for settlement after one year			<b>127</b>	187

All obligations under finance leases are denominated in Hong Kong dollars.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.



#### (14) Promissory note

On 19 June 2013, the Group issued a promissory note with a principal amount of HK\$200,000,000 to Mr. Jay Chun, an executive director of the Company, as part of the consideration for the acquisition of several patents and patent applications in relation to a betting terminal system in the United States of America. The promissory note is unsecured, non-interest bearing and has a maturity period of 4 years from the date of issue but can be repaid in whole or in part before maturity at the discretion of the Company. Early redemption of the promissory note shall be subject to discount of the outstanding principal account as follows: 4% within the first year, 3% within the second year, 2% within the third year and 1% within the fourth year.

The promissory note is measured at amortised cost using the effective interest method with the effective interest rate at 13.24% per annum (year ended 31 December 2013: 13.36% per annum).

During the period ended 30 June 2014, the Group redeemed part of the promissory note with a principal amount of HK\$106,000,000. The loss on early redemption was the difference between the discounted repayment amount and the respective carrying amount at the date of redemption, which was HK\$66,870,000.

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
At the beginning of the period/year	<b>126,170</b>	–
At date of issue	–	117,535
Interest charged	<b>4,034</b>	8,635
Early redemption during the period/year	<b>(66,870)</b>	–
	<hr/>	<hr/>
At end of the period/year	<b>63,334</b>	126,170



#### (14) Promissory note (Continued)

The maturity of the promissory note is as follows:

	<b>Unaudited 30 June 2014 HK\$'000</b>	Audited 31 December 2013 HK\$'000
Within one year	–	–
More than one year but not more than five years	<b>63,334</b>	126,170
	<b>63,334</b>	126,170

#### (15) Share capital

	<b>Number of share of HK\$0.001 each '000</b>	<b>Nominal value HK\$'000</b>
<i>Authorised:</i>		
At 1 January 2014 and 30 June 2014	1,000,000,000	1,000,000
<i>Issued and fully paid:</i>		
At 1 January 2014	1,025,181	1,025
Issue of shares on exercises of share options and warrants	38,800	39
At 30 June 2014	1,063,981	1,064



## (16) Capital commitments

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Acquisition of property, plant and equipment	<b>14,900</b>	33,693
	<b>14,900</b>	33,693

## (17) Related party transactions

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the period:

	<b>Unaudited</b>					
	<b>Six months ended 30 June</b>					
	<b>Directors</b>		<b>Associate</b>		<b>Related parties</b>	
<b>2014</b>	2013	<b>2014</b>	2013	<b>2014</b>	2013	
<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000	
Salaries and other benefits paid to (note a & d)	-	-	-	-	<b>1,877</b>	1,802



## (17) Related party transactions (Continued)

	<b>Unaudited</b>	Audited	<b>Unaudited</b>	Audited	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December	<b>30 June</b>	31 December	<b>30 June</b>	31 December
	<b>2014</b>	2013	<b>2014</b>	2013	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Amounts due from (note b & c)	-	-	<b>6,104</b>	6,089	-	-
Amounts due to (note b)	<b>3,130</b>	3,947	-	-	-	-

### Notes:

- The transactions were charged at predetermined amounts agreed between the parties involved.
- The amounts are unsecured, interest free and have no fixed terms of repayment.
- Impairment of approximately HK\$15,000 (30 June 2013: HK\$67,000) has been made for the period for the amount due from an associate. The amount due from an associate was fully impaired.
- The related party is the spouse of Mr. Jay Chun, the Chairman and an executive director of the Company.



## DIVIDEND

The Board has resolved to recommend the payment of an interim dividend of HK\$0.02 per share for the six months ended 30 June 2014 (2013: Nil). The interim dividend payable was not reflected in the consolidated financial statements for the six months ended 30 June 2014.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 29 September 2014 to 3 October 2014 (both dates inclusive), during which period, no transfer of shares can be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on 26 September 2014. The interim dividend is expected to be distributed on or about 24 October 2014 to shareholders whose names appear on the register of members of the Company as at 3 October 2014.

## BUSINESS REVIEW

The performance of the Group continued to outperform the gaming industry of Macau in the six months ended 30 June 2014 as the Group managed to build on the momentum of last year.

Revenue of the Group for the six months ended 30 June 2014 surged from HK\$405,132,000 to HK\$610,447,000, representing an increase of 50.7% as compared with the same period last year. The increase in revenue was mainly attributable to the growth in revenue from casino services, of which the revenue from Waldo Casino was recognized and the revenue generated by Casino Kam Pek Paradise for the six months ended 30 June 2014 increased by 20.6%. That compares with the growth rate of just around 12.6% of the gaming industry in Macau for the same period last year, Casino Kam Pek Paradise notably outperformed the overall gaming industry.

Profit of the Group for the six months ended 30 June 2014 increased from HK\$45,375,000 to HK\$50,469,000, representing an increase of 11.2% as compared with the same period last year. Profit from operation for the six months ended 30 June 2014 increased from HK\$61,340,000 to HK\$123,275,000, representing a significant increase of 101.0%. Amongst the amortization of intangible assets of HK\$33,466,000, an amortization of patents and patent applications of HK\$27,397,000 is resulted from the acquisition of US patents and patent applications in June 2013. The EBITDA of the Group increased from HK\$78,445,000 to HK\$113,043,000 as compared to the same period last year.



## **PROVISION OF CASINO SERVICES**

For the period ended 30 June 2014, revenue generated by the provision of casino services has contributed 86.9% of the total revenue. The EBITDA increased from HK\$66,238,000 to HK\$125,290,000, representing an increase of 89.2% as compared with the same period last year.

In April 2014, the Group has extended the casino services to Taipa Macau by providing Casino Macau Jockey Club ("MJC Casino") casino services, such as sales, marketing, promotion, player development and referral, event co-ordination and other services. MJC Casino is the world's first chipless casino, which covers Live Multi-Game ("LMG") terminals and chipless tables and slot machines. With the brand new technology provided by the Group, MJC Casino is able to reduce its operating costs. This arrangement with MJC Casino will help the Group to capture the business opportunities in the growing mass-market segment.

In conjunction with the existing casino services provided to Casino Kam Pek Paradise, Waldo Casino and the LMG Terminals Zone of Lisboa Casino in Macau, the move with MJC Casino will further expand the Group's market share in Macau.

## **SALES AND REVENUE SHARING OF LMG TERMINALS**

For the period ended 30 June 2014, revenue generated by the sales and revenue sharing of LMG terminals has contributed 13.1% of the total revenue. The EBITDA increased from HK\$22,235,000 to HK\$35,499,000, representing an increase of 59.7% as compared with the same period last year.

In August 2014, the Group established a strategic distributorship alliance with International Game Technology ("IGT"), a global leader in casino gaming industry which its shares are listed on the New York Stock Exchange. Through the alliance, the Group will serve as distributor for IGT's slot machines in Macau while IGT will distribute the LMG systems on an exclusive basis in the United States and Canada.

The alliance with IGT marked a significant milestone in the history of expansion into the United States and Canada of the Group. The Group believes, by developing this unique partnership, it will enable the Group to accelerate its expansion of global presence and distribution.



## PROSPECTS

Given its diverse quality services and state-of-art technology, the Group is confident that its strength in the provision of casino services to the Macau's gaming industry will be an important revenue driver of its casino business.

Further to the strategic alliance with other global gaming entertainment leader, the Group is well-positioned to continue to expand its global presence, especially in the United States, where the demand for electronic gaming machines has been growing.

To enhance the services provided as an innovative gaming equipment supplier, the Group will provide "all solution concept" to Macau casinos which is a revolutionized idea that the Group will supply all the equipment no matter they are spare parts or a terminal so as to generate diversified income.

The Board also firmly believes that, the unparalleled gaming services and products expertise of the Company will allow the Group to leverage the tremendous potential of the market to the benefit of all the shareholders of the Company.

After all, the Board look forward to making further progress in the second half of the year.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2014, the Group's finance lease and promissory note stood at HK\$247,000 and HK\$63,334,000, respectively, of which HK\$120,000 and nil, respectively were payable within 12 months. Current liabilities of the Group increased from HK\$168,678,000 to HK\$174,836,000, representing an increase of approximately 3.7%. The Group's total liabilities decreased from HK\$307,035,000 to HK\$250,297,000, representing a decrease of approximately 18.5%.

As at 30 June 2014, the cash on hand and available financial resources were sufficient for financing the ongoing activities of the Group.





## GEARING RATIO

The Group's gearing ratio (defined as the ratio of total outstanding interest bearing borrowing less bank and cash balances to total assets (excluding bank and cash balances)) as at 30 June 2014 was nil (31 December 2013: nil).

## FOREIGN EXCHANGE EXPOSURE

The Group's operations are primarily based in Macau and the income derived and expenses incurred are denominated in Macau Pataca ("MOP"). On the other hand, the expenses of the headquarters in Hong Kong and the subsidiaries in China are denominated in Hong Kong dollars ("HK\$") and Renminbi ("RMB"), respectively, and are financed by funds raised from the operations in Macau. Due to the stable exchange rates between RMB and HK\$ and between MOP and HK\$, the Directors do not consider specific hedges for currency fluctuation necessary.

## CHARGES ON GROUP ASSETS

As at 30 June 2014, the assets of the Group which were subject to charges for securing obligations under finance lease comprised a motor vehicle with net book value amounting to approximately HK\$257,000 (31 December 2013: HK\$324,000).

## ORGANIZATION AND EMPLOYEES

The Group had 366 employees (31 December 2013: 368) as at 30 June 2014. A majority of the employees are operational staff and marketing executives in Macau. The Group is actively seeking talents in Macau, Hong Kong and China in order to cope with its fast growing operations.

The terms of employment of the employees, executives and directors conform to normal commercial practice. Share options are granted to and included in the terms of selected senior executives of the Company.



## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

### (I) SHARES

As at 30 June 2014, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"), were as follows:

Directors	Name of company/ associated corporation	Capacity/ Nature of interests	Interests in shares (other than pursuant to equity derivatives) <sup>(1)</sup>	Interests in underlying shares pursuant to equity derivatives <sup>(1)</sup>	Total interests in shares/ underlying shares <sup>(1)</sup>	Approximate aggregate percentage of interests
Mr. Jay Chun	The Company	Beneficial owner/Personal interest	124,160	-	629,820,880	59.19%
	The Company	Interest of controlled corporation/ Corporate interest	629,696,720 <sup>(2)</sup>	-		
Mr. Shan Shiyong, alias, Sin Sai Yung	The Company	Interest of controlled corporation/Corporate interest	26,097,580 <sup>(3)</sup>	-	26,097,580	2.45%

Notes:

- (1) All interests in shares stated above are of par value of HK\$0.001 each and represent long positions.
- (2) These shares were held by August Profit Investments Limited, 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.



Save as disclosed above, none of the Directors and the chief executive of the Company was interested or had any short position in any shares, underlying shares or debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) as at 30 June 2014.

## (II) SHARE OPTIONS

The share option scheme of the Company adopted on 15 July 2002 (the "Old Share Option Scheme") expired on 14 July 2007. On 30 July 2007, the Company adopted a new share option scheme (the "Existing Share Option Scheme") as a result of the expiration of the Old Share Option Scheme.

The Directors did not hold any outstanding share options granted under any share option scheme during the six months ended 30 June 2014.

The following table discloses movements in the Company's share options during the six months ended 30 June 2014 under the Old Share Option Scheme and the Existing Share Option Scheme:

### *Old Share Option Scheme*

None of the share options granted pursuant to the Old Share Option Scheme remained outstanding during the six months ended 30 June 2014.

### *Existing Share Option Scheme*

Number of share option	Date of share options granted	Exercisable period	Exercise price per share	Outstanding at 1 January 2014	Granted during the period	Exercised during the period	Outstanding at 30 June 2014
<b>Category:</b>							
<b>Employees</b>	29.01.2011	29.01.2011 to 28.01.2016	HK\$1.00	1,650,000	-	(1,650,000)	-
<b>Consultants</b>	29.01.2011	29.01.2011 to 28.01.2016	HK\$1.00	1,650,000	-	(1,650,000)	-
<b>Total</b>				3,300,000	-	(3,300,000)	-
Exercisable at the end of the period							-
Weighted average exercise price (HK\$)				1.00	-	1.00	-



## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2014, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the Directors or chief executive of the Company, the following persons, other than Directors or chief executive of the Company, had an interest in the shares of the Company, which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company:

<b>Name of shareholder</b>	<b>Nature of interest</b>	<b>Interests in shares (other than pursuant to equity derivatives) <sup>(1)</sup></b>	<b>Approximate percentage of interests</b>
August Profit Investments Limited <sup>(2)</sup>	Corporate interest	629,696,720	59.18%

Notes:

- (1) All interests in shares stated above are of par value of HK\$0.001 each and represent long positions.
- (2) August Profit Investments Limited is wholly owned by Mr. Jay Chun, an executive Director.

Save as disclosed above, as at 30 June 2014, the Company had not been notified of any person or corporation who was interested in or had a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under section 336 of the SFO.



## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2014.

## **AUDIT COMMITTEE**

The audit committee of the Company has reviewed with the management the accounting policies and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the unaudited consolidated financial statements for the six months ended 30 June 2014.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company has complied with the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2014, save for the following deviations:

### **CODE PROVISION A.2.1**

Mr. Jay Chun is the Chairman and the Managing Director of the Company. In the opinion of the Board, the roles of the managing director and the chief executive officer are the same. Although under code provision A.2.1 of the Code, the roles of the Chairman and chief executive officer should be separate and should not be performed by the same individual, the Board considers that the present structure provides the Group with strong and consistent leadership and allows for efficient and effective business planning and execution. Hence, the Board believes that it is in the best interest of the shareholders of the Company that Mr. Jay Chun will continue to assume the roles of the Chairman of the Board and the Managing Director of the Company. However, the Company will review the current structure as and when it becomes appropriate in future.



#### **CODE PROVISION A.4.1**

In accordance with code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. Currently, none of the independent non-executive Directors is appointed for a specific term. However, all Directors (including the independent non-executive Directors) are subject to retirement by rotation at least once every three years at the annual general meeting of the Company in accordance with the provision of the Bye-Laws of the Company, and their terms of appointment will be reviewed when they are due for re-election.

#### **CODE PROVISION E.1.2**

Pursuant to code provision E.1.2 of the Code, the Chairman of the Board, and the chairman of the audit committee, the remuneration committee, the nomination committee and any other committee should attend the annual general meeting. However, the annual general meeting held on 13 June 2014 was chaired by Ms. Ho Suet Man Stella, a shareholder of the Company, instead of Mr. Jay Chun or the chairman of the audit committee, remuneration committee, nomination committee and any other committee. Mr. Jay Chun and the chairman of the audit committee, remuneration committee and nomination committee were unable to attend the annual general meeting as they were engaged in other commitments of the Company.

#### **EVENTS AFTER THE REPORTING PERIOD**

There is no event after the reporting period which is required to be disclosed.



## COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as its code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the directors of the Company have confirmed that they have complied with the requirements set out in the Model Code during the six months ended 30 June 2014.

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

Hong Kong, 28 August 2014

*As at the date of this report, the executive directors of the Company 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 of the Company are Mr. Li John Zongyang, Mr. Kai-Shing Tao and Ms. Tang Kiu Sam Alice.*