PARADISE ENTERTAINMENT LIMITED
滙彩控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1180)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

The directors of Paradise Entertainment Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	Notes	**2010** ***HK$'000***	2009 *HK$'000*
TURNOVER	*3*	**374,000**	325,224
Cost of sales and services		**(231,569)**	(227,662)
Gross profit		**142,431**	97,562
Other operating income		**5,757**	3,143
Marketing, selling and distribution costs		**(68,020)**	(39,234)
Administrative expenses		**(94,596)**	(93,841)
Research and development cost		**–**	(2,725)
Impairment loss for doubtful debts		**(107)**	(116)
Impairment loss on property, plant and equipment		**–**	(10,270)
Impairment loss on intangible assets		**–**	(66,837)
Impairment loss on payments for investments		**–**	(40,074)
Finance costs	*4*	**(30,690)**	(18,508)
Amortisation of intangible assets		**(4,046)**	–
Loss on early redemption of promissory note		**(24,226)**	–
(Loss) gain on derecognition of derivative financial instruments		**(1,278)**	1,302
Loss before tax		**(74,775)**	(169,598)
Income tax expenses	*5*	**–**	2,359
Loss for the year	*6*	**(74,775)**	(167,239)
Attributable to:			
Owners of the Company		**(74,774)**	(167,234)
Non-controlling interests		**(1)**	(5)
		(74,775)	(167,239)
Loss per share (HK cents)	*8*		
– Basic		**(7.61)**	(37.88)
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2010

	Notes	**2010** **HK$'000**	2009 HK$'000
Loss for the year	*6*	**(74,775)**	(167,239)
Other comprehensive income			
Net gain (loss) recognised directly in equity			
Exchange translation differences		**2,624**	(186)
Total comprehensive income for the year, net of tax		**(72,151)**	(167,425)
Total comprehensive income attributable to:			
Owner of the Company		**(72,150)**	(167,420)
Non-controlling interests		**(1)**	(5)
		(72,151)	(167,425)
Loss per share (HK cents)			
– Basic	*8*	**(7.34)**	(37.92)
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment		**158,706**	154,574
Intangible assets	*9*	**178,020**	–
Deposit paid for acquisition of a subsidiary		**7,800**	7,800
		344,526	162,374
Current assets			
Inventories		**151**	21
Debtors, deposits and prepayments	*10*	**44,782**	32,398
Bank and cash balances		**83,431**	44,853
		128,364	77,272
Current liabilities			
Creditors and accrued charges	*11*	**69,599**	62,710
Amounts due to directors	*12*	**2,141**	6,508
Amount due to a related party	*12*	**2,106**	2,106
Other borrowings – due within one year		**18,992**	58,515
Obligations under finance leases – due within one year		**4,781**	249
Current tax liabilities		**2,411**	2,410
		100,030	132,498
Net current assets (liabilities)		**28,334**	(55,226)
Total assets less current liabilities		**372,860**	107,148

	Notes	**2010**	2009
		HK$'000	*HK$'000*
Non-current liabilities			
Other borrowings – due after one year		**–**	9,200
Convertible loans – due after one year	*13*	**129,178**	66,214
Promissory note	*14*	**119,472**	–
		248,650	75,414
Net assets		**124,210**	31,734
Capital and reserves			
Share capital		**186,344**	48,971
Reserves		**(62,183)**	(17,287)
Equity attributable to owners of the Company		**124,161**	31,684
Non-controlling interests		**49**	50
Total equity		**124,210**	31,734

Notes:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are or have become effective for the Group's financial year beginning on 1 January 2010.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adoptors
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK-Int 4 (Amendment)	Lease – Determination of the Length of Lease Term in Respect of Hong Kong Land Leases
HK-Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK (IFRIC) – Int 17	Distributions of Non-cash Assets to Owners

The adoption of the New HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new or revised standards, amendments and interpretations that have been issued but are not yet effective.

HKAS 12 (Amendment)	*Deferred Tax: Recovery of Underlying Asset*[6]
HKAS 24 (Revised)	*Related Party Disclosures*[4]
HKAS 32 (Amendment)	*Classification of Rights Issues*[2]
HKFRSs (Amendment)	*Improvement to HKFRSs 2010 except for the amendments to HKFRS 3 (revised in 2008), HKFRS 7, HKAS 1 and HKAS 28*[1]
HKFRS 1 (Amendment)	*Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*[3]
HKFRS 1 (Amendment)	*Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[5]
HKFRS 9	*Financial Instruments*[7]
HK (IFRIC) – Int 14 (Amendment)	*Prepayments of a Minimum Funding Requirement*[4]
HK (IFRIC) – Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[3]

1 Amendments that are effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective fer annual periods beginning on or after 1 February 2010
3 Effective for annual periods beginning on or after 1 July 2010
4 Effective for annual periods beginning on or after 1 January 2011
5 Effective for annual periods beginning on or after 1 July 2011
6 Effective for annual periods beginning on or after 1 January 2012
7 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application and the directors so far concluded that the application of these new and revised HKFRSs will have no material impact on the Group's financial statements.

2. BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 December 2010 comprise the company and its subsidiaries (collectively referred to as the "Group") and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for certain financial instruments which are measured at fair values.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

Certain comparative figures of prior years have been re-presented to conform with the current year's presentation.

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:

Biopharmaceutical	–	Research, development and sales of biopharmaceutical products
Gaming	–	Provision of management services, development, provision and sales 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) are managed on a group basis and are not allocated to operating segments.

The following tables present revenue and profit information regarding the Group's operating segments for the year ended 31 December 2010 and 2009, respectively.

(a) Business segments

For the year ended 31 December 2010

	Biophar-maceutical *HK$'000*	Gaming *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue				
Revenue from external customers	**106,826**	**267,174**	**–**	**374,000**
Segment results	**(400)**	**9,166**	**1,201**	**9,967**
Unallocated corporate expenses				**(24,502)**
Finance costs				**(30,690)**
Amortisation of intangible assets				**(4,046)**
Loss on early redemption of promissory note				**(24,226)**
Loss on derecognition of derivative financial instruments				**(1,278)**
Loss before tax				**(74,775)**
Income tax expenses				**–**
Loss for the year				**(74,775)**

As at 31 December 2010

	Biophar-maceutical *HK$'000*	**Gaming** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Assets				
Segment assets	**16,417**	**259,278**	**19**	**275,714**
Unallocated assets				**197,176**
Total assets				**472,890**
Liabilities				
Segment liabilities	**34,500**	**44,629**	**58**	**79,187**
Unallocated liabilities				**269,493**
Total liabilities				**348,680**
Other information				
Capital expenditures	**4**	**33,954**	**–**	**33,958**
Amortisation of intangible assets	**–**	**4,046**	**–**	**4,046**
Depreciation of property, plant and equipment	**212**	**24,606**	**379**	**25,197**
Impairment loss for amount due from an associate	**–**	**–**	**107**	**107**

For the year ended 31 December 2009

	Biophar-maceutical *HK$'000*	Gaming *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue				
Revenue from external customers	124,403	200,821	–	325,224
Segment results	(128,270)	(4,055)	2,135	(130,190)
Unallocated corporate expenses				(22,202)
Finance costs				(18,508)
Gain on derecognition of derivative financial instruments				1,302
Loss before tax				(169,598)
Income tax expenses				2,359
Loss for the year				(167,239)

As at 31 December 2009

	Biopharmaceutical *HK$'000*	Gaming *HK$'000*	Others *HK$'000*	Total *HK$'000*
Assets				
Segment assets	25,452	199,268	961	225,681
Unallocated assets				13,965
Total assets				239,646
Liabilities				
Segment liabilities	42,808	64,701	47	107,556
Unallocated liabilities				100,356
Total liabilities				207,912
Other information				
Capital expenditures	466	45,497	14	45,977
Depreciation of property, plant and equipment	7,016	24,849	442	32,307
Impairment loss on property, plant and equipment	10,270	–	–	10,270
Impairment loss on intangible assets	66,837	–	–	66,837
Impairment loss on payments for investments	40,074	–	–	40,074
Impairment loss for amount due from an associate	–	–	116	116

(b) Geographical segments

	Revenue		**Total assets**		**Capital expenditures**	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
The PRC and Hong Kong	**106,826**	124,403	**213,900**	40,715	**19**	503
Macau	**267,174**	200,821	**258,990**	198,931	**33,939**	45,474
	374,000	325,224	**472,890**	239,646	**33,958**	45,977

4. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interests on:		
Other borrowings wholly repayable within five years	**4,627**	8,069
Obligations under finance leases wholly repayable within five years	**7**	22
Bank overdraft	**–**	44
Effective interests on:		
Convertible loans *(note 13)*	**20,524**	10,373
Promissory note *(note 14)*	**5,532**	–
	30,690	18,508

5. INCOME TAX EXPENSES

	2010	2009
	HK$'000	*HK$'000*
Current tax		
– current year	**–**	–
Deferred tax		
– attributable to a change in tax rate	**–**	(2,359)
	–	(2,359)

(i) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax had been made as the Group did not generate any assessable profits in Hong Kong during both years.

(ii) PRC Enterprise Income Tax

The Enterprise Income Tax rate of the Group's subsidiaries in the PRC is 25% except that certain subsidiaries which are enjoying tax holiday will continue until expiry and the Company's subsidiary, Hainan Kangwei Medicine Co., Ltd ("Hainan Kangwei") continues to be taxed under preferential tax rates.

Pursuant to the notice issued by the PRC tax authorities, the applicable tax rate for Hainan Kangwei for 2008, 2009, 2010 and 2011 is 18%, 20%, 22% and 24%, respectively. Hainan Kangwei is subjected to PRC Enterprise Income Tax rate of 25% commencing from 1 January 2012.

For other operating subsidiaries established in the PRC, PRC Enterprise Income Tax is calculated at the rate of 25% (2009: 25%) prevailing in the PRC during both years with certain tax preference.

No provision for PRC Enterprise Income Tax had been made as the Group's subsidiaries either were enjoying tax holiday or did not generate any assessable profits or had available tax loss to off-set against assessable profits during both years.

(iii) Macau Complementary Tax

No provision for Macau Complementary Tax has been made as the subsidiaries operating in Macau has no assessable profits during both years.

The charge for the year can be reconciled to the loss before tax per consolidated statement of comprehensive income is as follows:

	2010	2009
	HK$'000	*HK$'000*
Loss before tax	**(74,775)**	(169,598)
Tax at Macau Complementary Tax rate of 12% (2009: PRC Enterprise Income tax rate of 25%)	**(8,973)**	(42,400)
Tax effect of expenses not deductible for tax purpose	**26,014**	33,965
Tax effect of income not taxable for tax purpose	**(8,411)**	(349)
Tax effect of temporary differences not recognised	**(5,235)**	–
Tax effect of tax losses not recognised	**927**	4,043
Utilisation of tax losses previously not recognised	**(783)**	–
Reversal of deferred tax liabilities resulting from an increase in applicable tax rate	**–**	(2,359)
Tax effect of different tax rates of subsidiaries operating in other jurisdiction	**(3,539)**	4,741
Income tax expenses	**–**	(2,359)

The tax rate for tax reconciliation above changed from 25% to 12% during the year because the Group's Macau operation became the Group's main operation.

At 31 December 2010, the Group has unused tax losses of approximately HK$183,636,000 (2009: HK$138,574,000) available to offset against future taxable profits. No deferred tax asset has been recognised in respect of such losses and other temporary differences due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$126,220,000 (2009: HK$47,837,000) that will be expired from 2010 to 2013. Other losses and temporary differences may be carried forward indefinitely.

6. LOSS FOR THE YEAR

	2010	2009
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Auditors' remuneration	**700**	700
Cost of inventories recognised as expenses	**97,524**	112,514
Depreciation of property, plant and equipment	**25,197**	32,307
Direct operating expenses in respect of an investment property that did not generate rental income	**57**	61
Operating lease rentals paid in respect of rented premises	**5,268**	5,423
Amortisation of intangible assets	**4,046**	–
Impairment loss on property, plant and equipment	**–**	10,270
Impairment loss on intangible assets	**–**	66,837
Impairment loss on payments for investments	**–**	40,074
Impairment loss for amount due from an associate	**107**	116
Impairment loss for amount due from a non-controlling shareholder of a subsidiary	**–**	55
Staff costs		
– Directors' emoluments	**6,556**	6,630
– Other staffs		
– Salaries and other benefits	**33,131**	30,297
– Retirement benefits scheme contributions	**701**	645
Total staff costs	**40,388**	37,572

7. DIVIDENDS

No dividend was paid or proposed during 2010, nor has any dividend been proposed since the end of the reporting period (2009: nil).

8. LOSS PER SHARE

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

	2010	2009
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of calculating basic loss per share	**(74,774)**	(167,234)

	2010	2009
Number of shares		
Issued ordinary shares at 1 January	**489,714,791**	3,865,897,919
Effect of conversion of convertible loans	**493,368,793**	548,972,603
Share consolidation	**–**	(3,973,383,470)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**983,083,584**	441,487,052

As the effects of all potential ordinary shares are anti-dilutive for the years ended 31 December 2010 and 2009, no diluted loss per share was presented for both years.

9. INTANGIBLE ASSETS

	Patents	Beneficial rights to drugs under development	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost			
At 1 January 2009	4,705	90,379	95,084
Exchange realignment	–	(178)	(178)
Reversal of deferred tax liabilities initially recognised	–	(11,617)	(11,617)
At 31 December 2009	4,705	78,584	83,289
Additions	182,066	–	182,066
Written off	–	(78,584)	(78,584)
At 31 December 2010	186,771	–	186,771
Amortisation and impairment loss			
At 1 January 2009	4,705	11,747	16,452
Impairment loss	–	66,837	66,837
At 31 December 2009	4,705	78,584	83,289
Amortisation	4,046	–	4,046
Written back upon written off	–	(78,584)	(78,584)
At 31 December 2010	8,751	–	8,751
Carrying amount			
At 31 December 2010	178,020	–	178,020
At 31 December 2009	–	–	–

Patents represent the exclusive rights to use certain technologies acquired for the manufacture of certain biopharmaceutical products and for the betting terminal system. The patents for the manufacture of certain biopharmaceutical products were fully amortised in prior years. Details of the patent for the betting terminal system are set out in the circular of the Company dated 25 August 2010.

The consideration for the acquisition of patent for the betting terminal system was satisfied by cash of HK$30,000,000 and the issue of promissory note of HK$250,000,000. The fair value of the patent was determined at HK$182,066,000 as at the acquisition date by the management of the Company with reference to discounted cash flow projections. The patent has an useful life and is amortised over 15 years using the straight line method.

Beneficial rights to drugs under development represent the costs incurred by the Group in acquiring certain know-how and technologies in drugs, which were under development by the Group since acquisition. During the year ended 31 December 2010, the Group had conducted an assessment on the Group's biopharmaceutical development project, and these intangible assets were written off.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

	2010	2009
	HK$'000	*HK$'000*
Trade debtors	**39,471**	32,719
Less: Accumulated impairment loss	**(10,301)**	(10,301)
	29,170	22,418
Other debtors, deposits and prepayments	**15,612**	9,980
	44,782	32,398

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 and biopharmaceutical industry practice in Macau and the PRC, respectively.

An ageing analysis of the trade debtors net of impairment loss recognised at the end of the reporting period is as follows:

	2010	2009
	HK$'000	*HK$'000*
Within 30 days	**23,798**	15,232
31-60 days	**4,420**	5,907
61-90 days	**952**	1,279
	29,170	22,418

11. CREDITORS AND ACCRUED CHARGES

An ageing analysis of trade creditors, based on the date of receipt of goods is as follows:

	2010	2009
	HK$'000	*HK$'000*
Within 30 days	**6,236**	7,356
31-60 days	**4,098**	2,713
61-90 days	**1,456**	3,605
91-365 days	**12**	5,703
More than 365 days	**2**	249
Trade creditors	**11,804**	19,626
Other creditors and accrued charges	**49,027**	34,671
Value added tax payable	**8,768**	8,413
	69,599	62,710

12. 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 year:

	Directors		**Associate**		**Related party**	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Consultancy fees paid to *(note a & b)*	**–**	–	**–**	–	**424**	221
Salaries and other benefits paid to *(notes b & c)*	**–**	–	**–**	–	**1,200**	1,200
Purchase of intangible asset from *(note d)*	**280,000**	–	**–**	–	**–**	–
Promissory note issued to *(note d)*	**250,000**	–	**–**	–	**–**	–
Amount due from *(note e & f)*	**–**	–	**9,408**	9,301	**–**	–
Amount(s) due to *(note c & e)*	**2,141**	6,508	**–**	–	**2,106**	2,106

Notes:

(a) The related party is the son of a director, Mr. Shan Shiyong, alias, Sin Sai Yung.

(b) The transactions were charged at predetermined amounts agreed between the parties involved.

(c) The related party is the spouse of a director, Mr. Jay Chun.

(d) The director is Mr. Jay Chun.

(e) The amounts due are unsecured, interest free and have no fixed terms of repayment.

(f) Approximately HK$107,000 (2009: HK$116,000) impairment has been made for the year for the amount due from an associate.

13. CONVERTIBLE LOANS

The movement of the liability components at the convertible loans for the year is set out below:

	Total
	HK$'000
Nominal values of convertible loans issued	465,252
Transaction costs	(7,478)
Equity components	(52,393)
Liability components at date of issue	405,381
Liability components at 1 January 2009	86,437
Liability components at date of issue	78,665
Interest charged *(note 4)*	10,373
Interest paid	(8,655)
Redemption during the year	(73,755)
Converted into ordinary shares of the Company	(26,851)
Liability components at 31 December 2009 and 1 January 2010	66,214
Liability components at date of issue	243,360
Interest charged *(note 4)*	20,524
Interest paid	(11,062)
Redemption during the year	(49,677)
Converted into ordinary shares of the Company	(140,181)
Liability components at 31 December 2010	129,178

14. PROMISSORY NOTE

On 20 September 2010, the Group issued a Promissory Note with a principal amount of HK$250,000,000 to Mr. Jay Chun as part of the consideration for the acquisition of a Patent in relation to a betting terminal system. 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 follow: 8% within the first year, 6% within the second year, 4% within the third year and 2% within the forth year.

	2010
	HK$'000
At date of issue *(note i)*	150,714
Interest charged *(note 4)*	5,532
Early redemption during the year *(note ii)*	(36,774)
At 31 December	119,472

Notes:

(i) The Promissory Note is measured at amortised cost using the effective interest method with the effective interest rate at 12.29% per annum.

(ii) During the year ended 31 December 2010, the Group repaid part of the principal amount of HK$61,000,000. The loss on early redemption was the difference between the repaid principal amount and the respective carrying amount at the date of redemption totalling HK$36,774,000.

15. CONTINGENT LIABILITIES

On 15 September 1999, LifeTec Enterprise Limited ("LifeTec Enterprise"), a subsidiary of the Company, was named as a defendant in a High Court action in respect of an alleged failure to repay a loan in amount of HK$20,000,000. The plaintiff took out an application for summary judgement under Order 14 of the Rules of the High Court on 6 October 1999 and in the hearing of the application on 25 October 1999, LifeTec Enterprise was given unconditional leave to defend the plaintiff's claim in the above action. LifeTec Enterprise filed its Defense on 8 November 1999. The plaintiff should have filed its reply, if any, 14 days thereafter, but LifeTec Enterprise had not received any reply from the plaintiff and the time for the plaintiff to file the same has long expired and the pleadings should be deemed to be closed. The directors believe that there is no ground for the above claim and it will not have any material adverse impact on the Group's operations.

16. EVENTS AFTER THE REPORTING PERIOD

(a) On 29 January 2011, share options carrying the rights to subscribe for a total of 66,000,000 ordinary shares were granted to 4 individuals under the share option scheme at an exercise price of HK$0.10 per Share. The options are exercisable during the period commencing on 29 January 2011 and expiring on 28 January 2016. The options have not been exercised as to the date of this announcement.

(b) On 7 February 2011, Good Note International Limited, the Company's subsidiary, has entered into an agreement with Unique Hero Development Limited and Nam Kwong (Hong Kong) Investment Management Limited, to acquire a possible of 5% and up to 100% equity interest in Nam Kwong (Hong Kong) Investment Management Limited which, to the best of the directors' knowledge, information and belief having made all reasonable enquiries, owns 38.412% equity interest in Chongqing Guo Xin Investment Holding Company Limited ("重慶國信投資控股有限公司"), which holds 66.99% of equity interest in Chongqing International Trust Company Limited ("重慶國際信托有限公司"), whose portfolio includes various banks, highway and bridge, real estate, investment funds and stock brokerage. The subsidiary may acquire the equity by itself, and/or jointly with other investors. The acquisition has not been completed as to the date of this announcement.

Details of the above are set out in the Company's announcements dated 31 January 2011 and 7 February 2011.

BUSINESS REVIEW

2010 was a year of progress for the Group. We recorded a stable increase in revenue by 15% from approximately HK$325,224,000 for the year ended 31 December 2009 to approximately HK$374,000,000 for the year ended 31 December 2010. The Group's net loss decreased by 55.3% from approximately HK$167,239,000 in 2009 to approximately HK$74,775,000 in 2010.

Gaming Business

Gaming market in Macau has experienced tremendous growth in the last few years. In year 2010, we saw the rise in visitation to Macau and the improvement of market sentiment. Our devotion during the year in strengthening our business focus on gaming and entertainment in Macau have also effectively improved our operational efficiency.

Gaming revenue accounted for 71.4% of the Group's total revenue in the year 2010, as compared to 61.7% in 2009. The gaming revenue has seen a very strong growth, from approximately HK$200,821,000 in 2009 to approximately HK$267,174,000 in 2010, representing an increase of 33.0%. Gaming business showed a turn from loss of approximately HK$4,055,000 in 2009 to profit of approximately HK$9,166,000.

We anticipate the number of visitors to Macau and Casino Kam Pek Paradise to surge in the forthcoming years. Given the positive economic outlook in China, the strong support from Macau SAR Government and Macau's geographic advantage, we expect a notable improvement in our performance in the coming years.

Biopharmaceutical Business

The revenue of biopharmaceutical business decreased from approximately HK$124,403,000 for 2009 to approximately HK$106,826,000 for 2010. Net loss narrowed by 99.7% from approximately HK$128,270,000 for 2009 to approximately HK$400,000 for 2010, mainly due to impairment charges made to certain assets of the biopharmaceutical business in 2009.

We have experienced continued challenges resulting from medical reform in Mainland China. In view of this, the Group will widen the spectrum of sales items and expand the market so as to reposition our presence in biopharmaceutical business.

Prospects

The year 2011 is expected to be a rewarding year for the Group with more favorable economic environment and continued support from the government of the People's Republic of China. We are well-positioned to compete favorably and benefit from the rising performance of the gaming industry in Macau. We expect the gaming business will be the key driver of our future revenue growth while the biopharmaceutical business will continue to contribute stable revenue.

Liquidity and Financial Resources

As at 31 December 2010, the Group's borrowings, finance leases, liability component of convertible loans and promissory notes stood at approximately HK$18,992,000, HK$4,781,000, 129,178,000 and HK$119,472,000, respectively, of which borrowings of HK$18,992,000 and finance leases of HK$4,781,000 were payable within 12 months. Current liabilities of the Group decreased from HK$132,498,000 to HK$100,030,000, representing a decrease of approximately 24.5%. The Group's total liabilities increased from HK$207,912,000 to HK$348,680,000, representing an increase of approximately 67.7%. The Group's total assets increased from HK$239,646,000 to HK$472,890,000. The percentage of total liabilities to total assets as at 31 December 2010 stood at 73.7% which is lower than 86.8% as at 31 December 2009.

As at 31 December 2010, the cash on hand and available financial resources are sufficient for financing ongoing activities of the Group.

Foreign Exchange Exposure

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

Charges on Group Assets

As at 31 December 2010, the assets of the Group which were subject to charges for securing obligations under finance leases comprised a motor vehicle and gaming machines with net book value amounting to approximately HK$87,000 (2009: HK$348,000) and HK$5,460,000 (2009: nil) respectively.

Organization and Staff

The Group had 420 staff (2009: 305) as at 31 December 2010. Majority of the staff are marketing and promotion executives in Macau and sales and marketing executives in China. The Group is actively seeking talent in Macau, Hong Kong and China in order to cope with the fast growing operations.

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the board of directors of the Company (the "Board"), the Company has complied with the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2010 except for certain deviations disclosed herein.

Code Provision A.1.1

The Board schedules four meetings a year and also meets as and when required. During the year, the Board held two regular meetings. The number of regular meetings held during the year fell short of the four times a year as set out in A.1.1 of the Code was due to the conflicting schedules of the members of the Board which rendered it complicated to arrange for such meetings.

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 A.2.1 of the Code, the roles of the Chairman and chief executive officer should be separated and should not be performed by the same individual, the Board considers that the present structure provides the Group with a 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

Under A.4.1 of the Code, the 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

Under E.1.2 of the Code, the Chairman of the Board should attend the annual general meeting of the Company. The annual general meeting held on 4 June 2010 was chaired by Ms. Ho Suet Man Stella, a duly appointed proxy of a shareholder of the Company, instead of Mr. Jay Chun, the Chairman of the Board as he was engaged in other commitments of the Company.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, namely, Mr. Frank Hu (Chairman of the Audit Committee), Mr. Li John Zongyang and Mr. Kuan Hin Meng.

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 December 2010.

The Chairman of the Audit Committee, Mr. Frank Hu possesses relevant financial management expertise and meets the requirements of Rule 3.21 of the Listing Rules.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the directors have confirmed that they have complied with the requirements set out in the Model Code during the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year.

APPRECIATION

On behalf of the Board of Directors, I would like to thank our shareholders, bankers, professional parties and customers for their continuous support. I would also like to thank our executives and staff for their dedication and professionalism.

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

Hong Kong, 30 March 2011

As at the date of this announcement, 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. Frank Hu, Mr. Li John Zongyang and Mr. Kuan Hin Meng.

* *for identification purpose only*