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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 2013

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 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2013

	Notes	**2013** ***HK$'000***	2012 *HK$'000*
CONTINUING OPERATIONS			
TURNOVER	*3*	**1,030,455**	728,954
Cost of sales and services		**(445,484)**	(244,764)
Gross profit		**584,971**	484,190
Other income		**2,928**	1,986
Marketing, selling and distribution costs		**(196,409)**	(133,945)
Administrative expenses		**(229,727)**	(167,910)
Impairment loss for doubtful debts		**(43)**	(471)
Finance costs	*4*	**(16,113)**	(10,495)
Amortisation for intangible assets		**(41,818)**	(12,138)
Loss on early redemption of promissory note		**–**	(12,795)
Profit before tax		**103,789**	148,422
Income tax expenses	*5*	**(11)**	(26,206)
Profit for the year from continuing operations		**103,778**	122,216
DISCONTINUED OPERATION			
Profit for the year from discontinued operation	*6*	**–**	21,093
Profit for the year	*7*	**103,778**	143,309

* *For identification purpose only*

	Notes	2013 HK$'000	2012 HK$'000
Attributable to:			
Owners of the Company		**96,733**	126,698
Non-controlling interests		**7,045**	16,611
		103,778	143,309
			(Restated)
Earnings per share *(HK cents)*			
From continuing and discontinued operations	*9*		
– Basic		**15.10**	44.60
– Diluted		**14.93**	36.10
			(Restated)
Earnings per share *(HK cents)*			
From continuing operations	*9*		
– Basic		**15.10**	37.20
– Diluted		**14.93**	30.40

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Profit for the year	7	**103,778**	143,309
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements		**213**	83
Total comprehensive income for the year		**103,991**	143,392
Total comprehensive income attributable to:			
Owners of the Company		**96,947**	126,784
Non-controlling interests		**7,044**	16,608
		103,991	143,392

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**182,728**	152,146
Intangible assets	*10*	**769,462**	153,745
Interest in an associate		**–**	–
		952,190	305,891
Current assets			
Inventories		**14,603**	4,810
Debtors, deposits and prepayments	*11*	**248,833**	106,076
Bank and cash balances		**266,699**	196,169
		530,135	307,055
Current liabilities			
Creditors and accrued charges	*12*	**152,580**	84,327
Amounts due to directors	*13*	**3,947**	6,364
Obligations under finance leases – due within one year		**116**	108
Current tax liabilities		**12,035**	13,406
		168,678	104,205
Net current assets		**361,457**	202,850
Total assets less current liabilities		**1,313,647**	508,741
Non-current liabilities			
Obligations under finance leases – due after one year		**187**	304
Convertible loans – due after one year	*14*	**–**	86,933
Promissory note	*15*	**126,170**	–
Deferred tax liabilities		**12,000**	12,800
		138,357	100,037
Net assets		**1,175,290**	408,704
Capital and reserves			
Share capital		**1,025**	284,144
Reserves		**1,146,761**	104,100
Equity attributable to owners of the Company		**1,147,786**	388,244
Non-controlling interests		**27,504**	20,460
Total equity		**1,175,290**	408,704

Notes:

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

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRSs	*Annual improvements to HKFRSs 2009-2011 cycle*
Amendments to HKFRS 7	*Disclosures – Offsetting financial assets and financial liabilities*
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	*Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance*
HKFRS 10	*Consolidated financial statements*
HKFRS 11	*Joint arrangements*
HKFRS 12	*Disclosure of interests in other entities*
HKFRS 13	*Fair value measurement*
HKAS 19 (as revised in 2011)	*Employee benefits*
HKAS 28 (as revised in 2011)	*Investments in associates and joint ventures*
Amendments to HKAS 1	*Presentation of items of other comprehensive income*
HK(IFRIC)-Int 20	*Stripping costs in the production phase of a surface mine*

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 "Consolidated financial statements", HKFRS 11 "Joint arrangements", HKFRS 12 "Disclosure of interests in other entities", HKAS 27 (as revised in 2011) "Separate financial statements" and HKAS 28 (as revised in 2011) "Investments in associates and joint ventures", together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK (SIC) Int-12 "Consolidation – Special purpose entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company have made an assessment as at the date of initial application of HKFRS 10 (i.e. 1 January 2013) in respect of the Group's control in its investees under the new definition in the new and revised HKFRSs and concluded that the application of the new standard has no impact on the classification of investees currently reported in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realizable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income". Under the amendments to HKAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as the 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income sections such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The Group has not early applied the following new and revised Standards, Amendments and Interpretations that have been issued but are not yet effective.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	*Investment Entities*[1]
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*[1]
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*[1]
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK (IFRIC) – Interpretation 21	*Levies*[1]
Amendments to HKFRS 9	*Financial Instruments: Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[2]
Amendments to HKAS 19	*Employee Benefits – Defined Benefit Plans: Employee Contributions*[3]
Annual Improvement for 2010-2012 Cycle	*Amendments to a number of HKFRSs issued in January 2014*[3]
Annual Improvement for 2011-2013 Cycle	*Amendments to a number of HKFRSs issued in January 2014*[3]
HKFRS 14	*Regulatory Deferral Accounts*[4]

[1] Effective for annual periods beginning on or after 1 January 2014

[2] The effective date will be determined once the classification and measurement and impairment phases of HKFRS 9 are finalized

[3] Effective for annual periods beginning on or after 1 July 2014

[4] Effective for annual periods beginning on or after 1 January 2016

The directors of the Company anticipate the application of these new and revised HKFRSs will have no impact on the consolidated financial statements.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2013 comprise the Company, its subsidiaries 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.

3. TURNOVER AND SEGMENT INFORMATION

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

Biopharmaceutical – Research, development and sales of biopharmaceutical products which was classified as discontinued operation of the Group and was disposed of in April 2012

Casino service – Provision of management services to casinos in Macau

Gaming system – 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) is managed on a group basis and is 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 2013 and 2012, respectively.

(a) Business segments

For the year ended 31 December 2013

	Continuing Operations			
	Casino service *HK$'000*	**Gaming system** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Revenue				
Revenue from external customers	**859,208**	**171,247**	**–**	**1,030,455**
Segment results	**126,757**	**14,553**	**(21,408)**	**119,902**
Finance costs				**(16,113)**
Loss on early redemption of promissory note				**–**
Profit before tax				**103,789**
Income tax expenses				**(11)**
Profit for the year				**103,778**

As at 31 December 2013

	Continuing Operations			
	Casino service *HK$'000*	**Gaming system** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Assets				
Segment assets	**669,921**	**732,131**	**80,273**	**1,482,325**
Unallocated assets				**–**
Total assets				**1,482,325**
Liabilities				
Segment liabilities	**162,533**	**13,057**	**131,445**	**307,035**
Unallocated liabilities				**–**
Total liabilities				**307,035**
Other information				
Capital expenditures	**60,395**	**4,715**	**1,512**	**66,622**
Amortisation of intangible assets	**12,138**	**29,680**	**–**	**41,818**
Depreciation of property, plant and equipment	**23,935**	**11,323**	**748**	**36,006**
Impairment loss for amount due from an associate	**–**	**–**	**43**	**43**

For the year ended 31 December 2012

	Continuing operations				Discontinued operation	
	Casino service *HK$'000*	Gaming system *HK$'000*	Others *HK$'000*	Sub-total *HK$'000*	Biophar-maceutical *HK$'000*	Total *HK$'000*
Revenue						
Revenue from external customers	544,496	184,458	–	728,954	20,384	749,338
Segment results	112,241	87,510	(28,039)	171,712	185	171,897
Finance costs						(10,495)
Loss on early redemption of promissory note						(12,795)
Gain on disposal of Disposed Group						20,908
Profit before tax						169,515
Income tax expenses						(26,206)
Profit for the year						143,309

As at 31 December 2012

	Continuing Operations				Discontinued operation	
	Casino service *HK$'000*	Gaming system *HK$'000*	Others *HK$'000*	Sub-total *HK$'000*	Biophar-maceutical *HK$'000*	Total *HK$'000*
Assets						
Segment assets	499,651	107,898	5,397	612,946	–	612,946
Unallocated assets						–
Total assets						612,946
Liabilities						
Segment liabilities	103,495	5,303	95,444	204,242	–	204,242
Unallocated liabilities						–
Total liabilities						204,242
Other information						
Capital expenditures	8,535	22,915	901	32,351	–	32,351
Amortisation of intangible assets	12,138	–	–	12,138	–	12,138
Depreciation of property, plant and equipment	15,062	12,772	328	28,162	57	28,219
Impairment loss for amount due from an associate	–	–	82	82	–	82

(b) Geographical segments

	Revenue		Total assets		Capital expenditure	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
The PRC and Hong Kong	**–**	20,384	**80,958**	5,397	**2,223**	1,581
Macau	**1,030,455**	728,954	**1,401,367**	607,549	**64,399**	30,770
	1,030,455	749,338	**1,482,325**	612,946	**66,622**	32,351

4. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interests on:		
Other borrowings wholly repayable within five years	**2,000**	–
Obligations under finance leases wholly repayable within five years	**24**	32
Effective interests on:		
Convertible loans *(note 14)*	**5,454**	7,872
Promissory note *(note 15)*	**8,635**	2,591
	16,113	10,495

5. INCOME TAX EXPENSES

(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

For operating subsidiaries established in the PRC, PRC Enterprise Income Tax is calculated at the rate of 25% (2012: 25%) prevailing in the PRC for the year with certain tax preference.

(iii) Macau Complementary Tax

For operating subsidiaries established in Macau, Macau Complementary Tax is calculated at the rate of 12% (2012: 12%) prevailing in Macau for the year with certain tax preference.

	2013	2012
	HK$'000	*HK$'000*
Continuing operations		
Current tax:		
Hong Kong	**–**	–
Macau Complementary tax	**–**	13,406
PRC Enterprise Income tax	**11**	–
	11	13,406
Under provision in prior year:		
Macau Complementary tax	**800**	–
Deferred tax		
Current year	**(800)**	12,800
Total tax charge for the year	**11**	26,206

The charge for the year that can be reconciled with the profit before tax per consolidated statement of profit or loss is as follows:

	2013	2012
	HK$'000	*HK$'000*
Profit before tax	**103,789**	148,422
Tax at Macau Complementary Tax rate of 12%	**12,455**	17,811
Tax effect of expenses not deductible for tax purpose	**10,697**	24,343
Tax effect of income not taxable for tax purpose	**(15,167)**	(27,112)
Tax effect of temporary differences not recognised	**(7,530)**	1,119
Utilisation of tax loss previously not recognised	**(151)**	–
Underprovision in prior year	**800**	–
Tax effect of deferred tax recognized in respect of temporary differences	**(800)**	12,800
Tax effect of different tax rates enacted by local authority	**(293)**	(2,755)
Income tax expenses	**11**	26,206

6. DISCONTINUED OPERATION

In April 2012, the Group disposed of its entire interest in LifeTec Pharmaceutical Limited and its subsidiaries (collectively the "Disposed Group") for a nominal consideration of HK$7.80. For details of the disposal, please refer to the Company's announcement dated 2 April 2012. A gain on disposal of the Disposed Group of HK$20,908,000 has been recognised during the year ended 31 December 2012. The biopharmaceutical business segment which was solely carried out by the Disposed Group was classified as a discontinued operation during the year ended 31 December 2012.

The results of the Disposed Group up to the disposal date were presented below:

	2012 *HK$'000*
Revenue	20,384
Cost of sales and services	(19,265)
Gross profit	1,119
Other income	133
Marketing, selling and distribution costs	(286)
Administrative expenses	(781)
Profit for the year of the discontinued operation	185
Gain on disposal of the Disposed Group	20,908
Profit for the year from the discontinued operation	21,093
Attributable to:	
Owners of the Company	21,088
Non-controlling interests	5
	21,093
	(Restated)
Earnings per share (HK cents)	
– Basic	7.40
– Diluted	5.70

The net liabilities of the Disposed Group as at the disposal date were as follows:

	HK$'000
Property, plant and equipment	828
Inventories	159
Debtors, deposits and prepayments	12,017
Bank and cash balances	2,441
Creditors and accrued charges	(32,753)
Current tax liabilities	(2,448)
Non-controlling interest	100
Release of translation reserve	(1,252)
Net liabilities of the disposed Group at the date of disposal	(20,908)

The cash flow attributable to the discontinued operation was as follows:

	2012 *HK$'000*
Net cash used in operating activities	(195)
Net cash generated from investing activities	2
Net cash generated from financing activities	59
Net decrease in cash and cash equivalents	(134)

Profit of the Disposed Group for the year ended 31 December 2012 has been arrived at after charging:

	2012 *HK$'000*
Cost of inventories recognised as expenses	19,265
Depreciation of property, plant and equipment	57
Operating lease rentals paid in respect of rented premises	76
Loss on disposal of property, plant and equipment	32
Staff costs	
– Directors' emoluments	–
– Other staff	
– Salaries and other benefits	179
– Retirement benefit scheme contributions	42
Total staff costs	221

7. PROFIT FOR THE YEAR

	2013	2012
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Auditors' remuneration	**830**	790
Cost of inventories recognised as expenses	**35,531**	40,016
Depreciation of property, plant and equipment	**36,006**	28,162
Operating lease rentals paid in respect of rented premises	**9,562**	6,704
Research and development*	**6,291**	3,403
Amortisation of intangible assets	**41,818**	12,138
Impairment loss for amount due from an associate	**43**	82
Loss on disposal of property, plant and equipment	**45**	33
Staff costs		
– Directors' emoluments	**28,357**	23,692
– Other staff		
– Salaries and other benefits	**66,079**	46,507
– Retirement benefit scheme contributions	**773**	467
Total staff costs	**95,209**	70,666

* Research and development expenditure includes HK$5,711,000 (2012: HK$2,984,000) relating to staff costs, depreciation and operating lease rentals paid, amounts of which are included in the respective total amounts disclosed separately above.

8. DIVIDENDS

The directors recommend the payment of final dividend of HK$0.05 per share for the year ended 31 December 2013 (2012: nil). The dividend payable was not reflected in the consolidated financial statements for the year ended 31 December 2013.

9. EARNINGS PER SHARE

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

	2013	2012
	HK$'000	*HK$'000*
For the purpose of calculating basic earnings per share		
Profit for the year		
– From continuing operations	**96,733**	105,610
– From discontinued operations	**–**	21,088
	96,733	126,698
For the purpose of calculating diluted earnings per share		
Profit for the year		
– From continuing operations	**96,733**	113,482
– From discontinued operations	**–**	21,088
	96,733	134,570

	2013	2012 (Restated)
Number of shares		
Issued ordinary shares at 1 January	**284,144,478**	284,144,478
Effect of issue of consideration shares	**320,547,945**	–
Effect of issue of shares on placement	**4,252,055**	–
Effect of exercise of share options and warrants	**473,424**	–
Effect of conversion of convertible loans	**31,225,704**	–
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**640,643,606**	284,144,478
Effect of dilutive potential ordinary shares on convertible loans	**–**	88,750,000
Effect of dilutive potential ordinary shares on share options and warrants	**7,252,573**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**647,896,179**	372,894,478

Weighted average number of ordinary shares for the year ended 31 December 2012 have been restated to take into effect the capital reorganisation during the year.

10. INTANGIBLE ASSETS

	Patents – Biophar-maceutical products *(note (a))* *HK$'000*	**Macau Patent – Betting terminal system** *(note (b))* *HK$'000*	**US Patent – Betting terminal system** *(note (c))* *HK$'000*	**Total** *HK$'000*
Cost				
At 1 January 2012 and 31 December 2012	4,705	182,066	–	186,771
Addition	–	–	657,535	657,535
At 31 December 2013	4,705	182,066	657,535	844,306
Amortisation and impairment				
At 1 January 2012	4,705	16,183	–	20,888
Amortisation for the year	–	12,138	–	12,138
At 31 December 2012	4,705	28,321	–	33,026
Amortisation for the year	–	12,138	29,680	41,818
At 31 December 2013	4,705	40,459	29,680	74,844
Carrying amount				
At 31 December 2013	–	141,607	627,855	769,462
At 31 December 2012	–	153,745	–	153,745

(a) It represents the exclusive rights to use certain technologies acquired for the manufacture of certain biopharmaceutical products, which were fully amortised in prior years.

(b) The patent relates to a computerized system (the "System") for operating multi gambling games. The System was installed in Casino Kam Pek Paradise and other casinos in Macau. The Group generates revenue from sharing net gaming win with casino owners under income-sharing agreements and distributing electronic gaming machines with the System in Macau.

The patent was acquired during the year 2010 from Mr Jay Chun, the Chairman and an executive director of the Company, for a total consideration of HK$280,000,000 comprising cash of HK$30,000,000 and a promissory note of HK$250,000,000.

The fair value of the patent as at the acquisition date was determined at HK$288,000,000 by the directors of the Company with reference to a valuation on the patent conducted by an independent professional valuer, Ample Appraisal Limited, under the income-based approach.

The cost of the patent was determined by the directors of the Company and represents the sum of the cash consideration, the amortised cost of the promissory note at the acquisition date using the effective interest method (note 15) and the capitalised transaction cost of the issuance of the promissory note. The patent is amortised over its useful life of 15 years using the straight line method.

The directors of the Company conducted an impairment assessment and considered that there was no impairment to the carrying amount of the patent as at the end of the reporting period, with reference to a valuation on the patent conducted by an independent professional valuer, International Valuation Limited, under the income-based approach.

(c) It represents various patents and patent applications in the United States of America (the "US") of a computerized system (the "System") for operating multi gambling games. The Group generates revenue from the sale of electronic gaming machines with the System in the US.

The patent was acquired during the year 2013 from Mr. Jay Chun, the Chairman and an executive director of the Company, for a total consideration of HK$740,000,000 comprising cash of HK$60,000,000, a promissory note of HK$200,000,000 and consideration shares of HK$480,000,000.

The fair value of the patent as at the acquisition date was determined at HK$819,000,000 by the directors of the Company with reference to a valuation on the patent conducted by an independent professional valuer, Ample Appraisal Limited, under the income-based approach.

The cost of the patent was determined by the directors of the Company and represents the sum of the cash consideration, the amortised cost of the promissory note at the acquisition date using the effective interest method (note 15), the capitalised transaction cost of the issuance of the promissory note and issue price of consideration shares. The patent is amortised over its useful life of 12 years using the straight line method.

The directors of the Company conducted an impairment assessment and considered that there was no impairment to the carrying amount of the patent as at the end of the reporting period, with reference to a valuation on the patent conducted by an independent professional valuer, International Valuation Limited, under the income-based approach.

11. DEBTORS, DEPOSITS AND PREPAYMENTS

	2013 HK$'000	2012 HK$'000
Trade debtors	**192,128**	65,662
Less: Accumulated impairment loss	**(287)**	(287)
	191,841	65,375
Other debtors, deposits and prepayments	**56,992**	40,701
	248,833	106,076

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.

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

	2013 HK$'000	2012 HK$'000
Within 30 days	**172,599**	63,181
31 – 60 days	**1,121**	1,714
61 – 90 days	**1,331**	480
91 – 180 days	**16,790**	–
	191,841	65,375

12. CREDITORS AND ACCRUED CHARGES

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

	2013 HK$'000	2012 HK$'000
Within 30 days	**67,295**	–
31 – 60 days	**6,348**	–
61 – 90 days	**245**	–
91 – 365 days	**1,684**	–
Trade creditors	**75,572**	–
Other creditors and accrued charges	**77,008**	84,327
	152,580	84,327

13. RELATED PARTY TRANSACTIONS

(a) 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	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Consultancy fees paid to *(note a & b)*	**–**	–	**–**	–	**–**	367
Salaries and other benefits paid to *(notes b & c)*	**–**	–	**–**	–	**5,404**	4,793
Amount due from *(note d & e)*	**–**	–	**6,089**	9,689	**–**	–
Amount(s) due to *(note d)*	**3,947**	6,364	**–**	–	**–**	–

Notes:

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

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

(c) The related party is the spouse of Mr. Jay Chun, the Chairman and an executive director of the Company.

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

(e) Impairment of approximately HK$43,000 (2012: HK$82,000) has been made for the year for the amount due from an associate.

(b) On 2 November 2012, the Group also entered into an agreement with Mr. Jay Chun, the Chairman and an executive director of the Company, for the acquisition of various patents and patent applications in the US. The details of the acquisition were disclosed in the Company's announcements dated 7 January 2013, 28 February 2013, 18 March 2013, 30 April 2013, 8 May 2013, 3 June 2013 and 19 June 2013 and a circular dated 9 May 2013.

(c) Key Management Personnel Remuneration

	2013	2012
	HK$'000	*HK$'000*
Short-term employee benefits	**35,903**	30,443
Retirement benefits scheme contributions	**43**	40
	35,946	30,483

14. CONVERTIBLE LOANS

The net proceeds received from the issue of convertible loans have been split between the liability components and equity components, as follows:

	Total
	HK$'000
Nominal values of convertible loans issued	331,252
Transaction costs	(2,050)
Equity components	(33,476)
Liability components at date of issue	295,726

The movement of liability components of the convertible loans for the two years ended 31 December 2013 and 2012 is set out below:

	Total
	HK$'000
Liability components at 1 January 2012	86,165
Interest charged *(note 4)*	7,872
Interest paid	(7,104)
Liability components at 31 December 2012 and 1 January 2013	86,933
Interest charged *(note 4)*	5,454
Interest paid	(4,689)
Converted into ordinary shares of the Company	(87,698)
Liability components at 31 December 2013	–

15. PROMISSORY NOTE

	2013	2012
	HK$'000	*HK$'000*
At 1 January *(note i)*	**–**	68,336
At the date of issue *(note ii)*	**117,535**	–
Interest charged *(note 4)*	**8,635**	2,591
Early redemption during the year *(note iii)*	**–**	(70,927)
At 31 December	**126,170**	–

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.

On 20 September 2010, the Group issued a promissory note with a principal amount of HK$250,000,000 to Mr. Jay Chun, the Chairman and an executive director of the Company, as part of the consideration for the Group's 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 amount as follows: 8% within the first year, 6% within the second year, 4% within the third year and 2% within the fourth year.

(ii) The Promissory Note is measured at amortised cost using the effective interest method with the effective interest rate at 13.36% per annum.

On 19 June 2013, the Group issued a promissory note with a principal amount of HK$200,000,000 to Mr. Jay Chun, the Chairman and an executive director of the Company, as part of the consideration for the Group's acquisition of patents and patent applications 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 amount as follows: 4% within the first year, 3% within the second year, 2% within the third year and 1% within the fourth year

(iii) During the year ended 31 December 2013, the Group redeemed principal amount of HK$nil (2012: HK$83,722,000). The loss on early redemption was the difference between the discounted repayment amount and the respective carrying amount at the date of redemption totalling HK$nil (2012: HK$70,927,000).

16. CONTINGENT LIABILITIES

(a) 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 an 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 that it will not have any material adverse impact on the Group's operations.

(b) In 2012, the Company had been served with a summon issued by the Macau Judicial Base Court ("Tribunal Judicial de Base"), pursuant to which SHFL Entertainment (Asia) Limited (formerly known as Shuffle Master Asia Limited) ("SHFL Macau") has commenced injunction proceedings against the Company, its subsidiaries (i) LT Game Limited ("LT Game") (an entity which owns the global (including Macau) rights to use, distribute and maintain the material and equipment that uses the invention object of the Macau Invention Patent No. I/000150 ("Patent I/150") and the Macau Invention Patent No. I/000380 ("Patent I/380")), and (ii) Natural Noble Limited ("Natural Noble") (the owner of Patent I/380) and Mr. Jay Chun (the Chairman and an executive director of the Company, the inventor and registered owner of Patent I/150) (collectively, the"Respondents") (the "Injunction").

The Injunction seeks orders to restrain, amongst others, the Respondents from, amongst other things, (i) making any representation or expression on any monopoly right over all and any solutions allowing players to play remotely in real time on a plurality of live games; and (ii) unfairly competing with SHFL Macau in any manner, amongst other ancillary petitions. Details of the Injunction and Macau First Instance Court decision are set out in the Company's announcement dated 1 November 2012 and 19 November 2013. Following the dismissal of the injunction filed by SHFL Macau by Macau First Instance Court, SHFL Macau appealed against the dismissal before the Macau Second Instance Court, which the outcome of the appeal is pending.

(c) As at the date of this announcement, the main lawsuit in relation to the violation of the Macau registered Patents I/150 and I/380 is pending. SHFL Macau contested against the lawsuit and requested the invalidation of the grant of the Patents I/150 and I/380. The directors believe that it will not have any material adverse impact on the Group's operations.

BUSINESS REVIEW

2013 marked two important milestones in the history of the Group. Firstly, the Group has extended the casino services to Waldo Casino and the Live Multi-Game Terminals Zone ("LMG Terminals Zone") of Lisboa Casino in Macau, leading the Group to successfully expand its market share in Macau. Secondly, with the launch of the Live Multi-Game ("LMG") terminals into overseas markets including Australia and the US, the Group is on pace to capture the huge opportunity in the overseas gaming market, especially in Australia and the US.

Revenue of the Group for the year ended 31 December 2013 surged from HK$728,954,000 to HK$1,030,455,000, representing an increase of 41.4% as compared with 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 first recognized in 2013 and the revenue generated by Casino Kam Pek Paradise for the year ended 31 December 2013 increased by 20.9%. That compares with the growth rate of just around 18.6% of the gaming industry in Macau, Casino Kam Pek Paradise actually outperformed the overall gaming industry.

Profit of the Group decreased from HK$143,309,000 to HK$103,778,000, representing a decrease of 27.6% as compared with last year. The decrease in profit was due to (a) the increase in cost of sales and services of Waldo Casino and the LMG Terminals Zone of Lisboa Casino, a casino the Group has been supplying LMG terminals and responsible for its renovation expenditure, (b) the amortization of the US patents of HK$29,680,000 resulting from the acquisition of patents and patent applications in relation to a betting terminal system in the US in June 2013, and (c) the inclusion of the gain on disposal of the pharmaceutical business of HK$20,908,000 in 2012. The EBITDA of the Group decreased from HK$220,365,000 to HK$197,716,000 as compared to last year.

The Board is confident that both the revenue from the provision of casino services to Waldo Casino and the LMG Terminals Zone of Lisboa Casino and the sales and revenue sharing of LMG terminals will increase in the future while LMG terminals will be one of the revenue drivers of the Group.

The Group understands our investors and shareholders should share our growth and success. To thank for the continual support and commitment of our shareholders over the years, the Board decided to recommend a final dividend of HK$0.05 per share.

Provision of Casino Services

For the year ended 31 December 2013, revenue generated by the provision of casino services has contributed 83.4% of the total revenue.

The Group has been demonstrating its strength in the provision of casino services to the gaming industry of Macau by providing the services to Casino Kam Pek Paradise since 2007. While casino services has always been the focus in the business development of the Group, we have leveraged on our wealth of experience and effective business model to start providing a vast array of casino services, such as sales, marketing, promotion, player development and referral, to Waldo Casino and the LMG Terminals Zone of Lisboa Casino in 2013. The Group believes that the provision of casino services to Waldo Casino and the LMG Terminals Zone of Lisboa Casino would further expand the Group's business and market share in Macau, thus boosting the revenue of the Group.

In Macau, the mass-market has emerged as the engine of gaming revenue growth in recent years, and the mass-market gaming experience offered by Casino Kam Pek Paradise, Waldo Casino and the LMG Terminals Zone of Lisboa Casino fittingly follows this trend in Macau's gaming market and caters to the rising demand from gamers at home and abroad. The Group firmly believes that its mass-market oriented strategy will further enhance the existing profile and patron base of the Group in Macau by providing domestic and foreign gamers with diverse and novel gaming experience.

Sales and Revenue Sharing of LMG Terminals

For the year ended 31 December 2013, revenue generated by the sales and revenue sharing of LMG terminals has contributed 16.6% of the total revenue.

The number of casinos, the demand for electronic gaming machines and the market for the gaming industry in the Australian and US market has been able to speak for itself. By opening up the overseas markets including Australia and the US, we believe the income base of the Group can be further enlarged. Therefore, in June 2013, the Group completed the acquisition of certain patents and patent applications in relation to a betting terminal system in the US and also completed the capital reorganization of the Group, unlocking the potential growth for the Group.

The Group has successfully launched its deployment of LMG terminals into the Australian and US markets and such move was well received. In addition, the Group has seen strong interest and demand for its LMG terminals from other overseas casinos including those in Australia and the US. Given the huge opportunity in overseas markets including Australia and the US and that the contributions from overseas sales and revenue sharing has just started in 2013, it is expected that the contributions from the sales and revenue sharing of LMG terminals will grow significantly and become one of the essential profit stream in the coming years.

The Group has also been taking the suite of products internationally with recent placements of LMG terminals in South East Asian countries including Malaysia, Thailand, and Cambodia.

PROSPECTS

Our outlook for 2014 is going to be promising. As the total number of visitor arrivals in Macau continued to increase to a record high of 29,324,822 in 2013, up by 4% year-on-year, and then totaled 2,503,609 in January 2014, up by 8% year-on-year, attributable to an increase in visitors from Mainland China according to the information from the Statistics and Census Service of the Macau Government, the gaming industry is expected to remain on a growth path.

Taking into account that the Group has extended its casino services from Casino Kam Pek Paradise to Waldo Casino and the LMG Terminals Zone of Lisboa Casino in Macau, we have further expanded our market share in Macau, and the revenue from the provision of casino services will definitely increase driven by the uptrend of visitor arrivals in Macau.

In addition, along with the expansion into overseas market by selling and leasing LMG terminals, the Group believes the overseas markets including Australia and the US will see tremendous supplemental revenue growth from the LGM terminals and the organic demand from this new as well as underserved player base will be getting larger. Hence, the Board is confident in delivering a resilient order book and revenue for the year 2014.

Liquidity and Financial Resources

As at 31 December 2013, the Group's finance lease and promissory note stood at HK$303,000 and HK$126,170,000, respectively, of which HK$116,000 and nil, respectively, were payable within 12 months. Current liabilities of the Group increased from HK$104,205,000 to HK$168,678,000, representing an increase of approximately 61.9%. The Group's total liabilities increased from HK$204,242,000 to HK$307,035,000, representing an increase of approximately 50.3%.

As at 31 December 2013, the cash on hand and available financial resources were sufficient for financing 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 31 December 2013 was nil (2012: 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 31 December 2013, 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$324,000 (2012: HK$458,000).

Organization and Staff

The Group had 368 staff (2012: 432) as at 31 December 2013. A majority of the staff 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 staff, 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.

DIVIDEND

No dividend has been paid or declared by the Company during the year ended 31 December 2013.

	2013	2012
	HK$'000	*HK$'000*
Proposed final dividend of HK$0.05 (2012: nil) per ordinary share	**53,199**	–

The Board has resolved to recommend payment of a final dividend for the year ended 31 December 2013 of HK$0.05 per share (2012: nil) which is subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on Friday, 13 June 2014.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 20 June 2014 to 24 June 2014 (both dates inclusive). During that period, no transfer of shares can be registered. In order to qualify for the final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrar, 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 19 June 2014. The final dividend is expected to be distributed on or about 15 July 2014 to shareholders whose names appear on the Register of Members of the Company as at the close of business on 24 June 2014.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the board of directors of the Company (the "Board"), the Company has complied with the code provisions as set out in the Corporate Governance Code (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 2013 except for certain deviations disclosed below:

Code Provision A.1.1

During the year, the Board held only two regular meetings. The number of regular Board meetings held during the year fell short of the four times a year as set out in code provision A.1.1 of the Code because of the conflicting schedules of the members of the Board, which rendered it difficult 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 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 shall 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 of the Company 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

In accordance with code provision E.1.2 of the Code, the chairman of the board, the audit committee, remuneration committee, nomination committee and any other committee should attend the annual general meeting. The chairman of the independent board committee should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction or any other transaction that requires independent shareholders' approval. However, the annual general meeting held on 28 June 2013 was chaired by Ms. Ho Suet Man, Stella, a duly appointed proxy of 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. Further, none of the independent non-executive directors of the Company attend the special general meeting held on 3 June 2013, which was convened to approve the connected transaction with Mr. Jay Chun, an executive director and a controlling shareholder of the Company, as they were engaged in other commitments of the Company.

AUDIT COMMITTEE

The audit committee of the Company (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 2013.

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 had 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.

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

Hong Kong, 27 March 2014

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.