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 2014

The board (the "Board") of directors (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 2014 as follows:

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2014	2013	Changes
	HK$'000	*HK$'000*	
Casino service revenue	**1,032,205**	859,208	+20.13%
Gaming system revenue	**160,083**	171,247	–6.52%
Total revenue	**1,192,288**	1,030,455	+15.71%
Total adjusted EBITDA*	**203,051**	197,716	+2.70%
Dividend per ordinary share (HK cents)			
– interim dividend paid	**2**	–	
– proposed final dividend	**5**	5	
– total dividends for the year	**7**	5	+40%

* Adjusted EBITDA is profit attributable to owners of the Company before taxation, finance cost, loss on early redemption of promissory note, depreciation and amortization and interest income.

DIVIDEND

The Directors recommend the payment of final dividend of HK5 cents per share (2013: final dividend of HK5 cents per share) for the year ended 31 December 2014, which is subject to shareholders' approval at the forthcoming annual general meeting of the Company.

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
TURNOVER	3	**1,192,288**	1,030,455
Cost of sales and services		**(544,164)**	(445,484)
Gross profit		**648,124**	584,971
Other income		**10,628**	2,928
Marketing, selling and distribution costs		**(240,325)**	(196,409)
Administrative expenses		**(262,958)**	(229,770)
Amortisation for intangible assets		**(66,933)**	(41,818)
Loss on early redemption of promissory note		**(34,890)**	–
Finance costs	4	**(8,758)**	(16,113)
Profit before tax		**44,888**	103,789
Income tax credit/(expenses)	5	**21,653**	(11)
Profit for the year	6	**66,541**	103,778
Attributable to:			
Owners of the Company		**58,443**	96,733
Non-controlling interests		**8,098**	7,045
		66,541	103,778
Earnings per share *(HK cents)*	8		
– Basic		**5.52**	15.10
– Diluted		**5.52**	14.93

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	**2014** **HK$'000**	2013 *HK$'000*
Profit for the year	*6*	**66,541**	103,778
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas operations		**85**	213
Total comprehensive income for the year		**66,626**	103,991
Total comprehensive income attributable to:			
Owners of the Company		**58,528**	96,947
Non-controlling interests		**8,098**	7,044
		66,626	103,991

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**186,447**	182,728
Intangible assets		**702,529**	769,462
Interest in an associate		**–**	–
		888,976	952,190
Current assets			
Inventories		**46,246**	14,603
Debtors, deposits and prepayments	*9*	**158,850**	248,833
Cash and cash equivalents		**321,252**	266,699
		526,348	530,135
Current liabilities			
Creditors and accrued charges	*10*	**151,596**	152,580
Amounts due to directors	*11*	**3,347**	3,947
Obligations under finance leases			
– due within one year		**123**	116
Current tax liabilities		**1,022**	12,035
		156,088	168,678
Net current assets		**370,260**	361,457
Total assets less current liabilities		**1,259,236**	1,313,647
Non-current liabilities			
Obligations under finance leases			
– due after one year		**65**	187
Convertible loans	*12*	**–**	–
Promissory note		**67,642**	126,170
Deferred tax liabilities		**–**	12,000
		67,707	138,357
Net assets		**1,191,529**	1,175,290
Capital and reserves			
Share capital		**1,057**	1,025
Reserves		**1,161,181**	1,146,761
Equity attributable to owners of the Company		**1,162,238**	1,147,786
Non-controlling interests		**29,291**	27,504
Total equity		**1,191,529**	1,175,290

Notes:

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

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	*Investment entities*
Amendments to HKAS 32	*Offsetting financial assets and financial liabilities*
Amendments to HKAS 36	*Recoverable amount disclosures for non-financial assets*
Amendments to HKAS 39	*Novation of derivatives and continuation of hedge accounting*
HK(IFRIC)21	*Levies*

The adoption of these amendments to HKFRSs and a new interpretation has had no significant impact on the results and financial position of the Group.

New standards and amendments to standards that have been issued but are not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[5]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[5]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[5]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[4]
Amendments to HKAS 27	*Equity Method in Separate Financial Statements*[5]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2010-2012 Cycle*[6]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2011-2013 Cycle*[4]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2012-2014 Cycle*[5]
Amendments to HKFRS 10 and HKAS 28	*Sales or Contributions of Assets between an Investor and its Associate or Joint Venture*[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	*Investment Entities: Applying the Consolidation Exception*[5]
Amendments to HKAS 1	*Disclosure Initiative*[5]
HKFRS 9	*Financial Instruments*[1]
HKFRS 14	*Regulatory Deferral Accounts*[2]
HKFRS 15	*Revenue from Contracts with Customers*[3]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 July 2014
5 Effective for annual periods beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

HKFRS 9 (2014) introduces new requirements for classification and measurement of financial instruments, a new expected credit loss model that replaces the incurred loss impairment model used in HKAS 39, and a new hedge accounting model which represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements. The adoption of HKFRS 9 (2014) may have an effect on the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the financial effect on the Group's financial statements until a details review has been completed.

HKFRS 15 Revenue from Contracts with Customers replaces HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations. It establishes that revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The Group is assessing the impact of HKFRS 15.

Apart from the aforementioned, the adoption of these new standards and amendments to standards is not expected to have any significant impact on the results and financial position of the Group.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2014 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 two reportable operating segments as follows:

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 2014 and 2013, respectively.

(a) Business segments

For the year ended 31 December 2014

	Operating and reportable segments			
	Casino service *HK$'000*	Gaming system *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Revenue				
Revenue from external customers	1,032,205	160,083	–	1,192,288
Segment results	113,269	1,137	(25,870)	88,536
Finance costs				(8,758)
Loss on early redemption of promissory note				(34,890)
Profit before tax				44,888
Income tax credit				21,653
Profit for the year				66,541

As at 31 December 2014

	Operating and reportable segments			
	Casino service *HK$'000*	Gaming system *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Assets				
Segment assets	689,725	715,181	10,418	1,415,324
Total assets				1,415,324
Liabilities				
Segment liabilities	131,835	19,791	72,169	223,795
Total liabilities				223,795
Other information				
Capital expenditures	30,414	24,582	2,239	57,235
Amortisation of intangible assets	12,138	54,795	–	66,933
Depreciation of property, plant and equipment	37,038	11,260	1,016	49,314
Impairment loss for amount due from an associate	–	–	17	17

For the year ended 31 December 2013

	Operating and reportable segments			
	Casino service *HK$'000*	Gaming system *HK$'000*	Unallocated *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

	Operating and reportable segments			
	Casino service *HK$'000*	Gaming system *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Assets				
Segment assets	669,921	732,131	80,273	1,482,325
Total assets				1,482,325
Liabilities				
Segment liabilities	162,533	13,057	131,445	307,035
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

(b) Geographical segments

	Revenue		Total assets		Capital expenditure	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Macau	**1,192,288**	1,030,455	**1,404,905**	1,401,367	**53,802**	64,399
Other countries	**–**	–	**10,419**	80,958	**3,433**	2,223
	1,192,288	1,030,455	**1,415,324**	1,482,325	**57,235**	66,622

4. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interests on:		
Other borrowings wholly repayable within five years	**400**	2,000
Obligations under finance leases wholly repayable within five years	**16**	24
Effective interests on:		
Convertible loans *(note 12)*	**–**	5,454
Promissory note	**8,342**	8,635
	8,758	16,113

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% (2013: 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 maximum progressive rate of 12% (2013: 12%) prevailing in Macau for the year with certain tax preference.

	2014	2013
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**–**	–
Macau Complementary Tax	**–**	–
Lump sum dividend tax	**1,000**	–
PRC Enterprise Income Tax	**9**	11
	1,009	11
(Over)/underprovision in prior year:		
Macau Complementary Tax	**(10,662)**	800
Deferred tax		
Current year	**(12,000)**	(800)
Total tax (credit)/charge for the year	**(21,653)**	11

Pursuant to a confirmation letter issued by the Macau Financial Services Bureau dated 7 January 2015, gaming related revenue generated from the service agreement signed between LT (Macau) Limited, our subsidiary, and Sociedade De Jogos De Macau, S.A. ("SJM") is not subject to Macau Complementary Tax since it is derived from SJM's gaming revenue, which gaming revenue is exempted pursuant to the terms of no. 2 of article 28 of the Law 16/2001 and the exemption granted by Dispatch no. 378/2011 of 23 November 2011.

Pursuant to the Dispatch of the Macau Financial Services Bureau dated 18 February 2015, LT (Macau) Limited, a wholly-owned subsidiary of the Company, is allowed to pay an annual lump sum dividend withholding tax of approximately MOP341,000 (equivalent to approximately HK$331,000) for each of the years ended 31 December 2012 through to 2016 as payment in lieu of Macau Complementary Tax otherwise due by the shareholders of LT (Macau) Limited on dividend distributions from gaming profits generated in relation to the operation of the casinos at Casino Kam Pek Paradise, Lisboa Casino and Casino Macau Jockey Club. Such annual lump sum tax payments are required regardless of whether dividends were actually distributed or whether LT (Macau) Limited has distributable profits in the relevant years. During the year ended 31 December 2014, provision for taxation of HK$1,000,000 has been made.

6. PROFIT FOR THE YEAR

	2014	2013
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Auditors' remuneration	**850**	830
Cost of inventories recognised as expenses	**5,951**	35,531
Depreciation of property, plant and equipment	**49,314**	36,006
Operating lease rentals paid in respect of rented premises	**10,877**	9,562
Research and development*	**–**	6,291
Amortisation of intangible assets	**66,933**	41,818
Impairment loss for amount due from an associate	**17**	43
(Gain)/loss on disposal of property, plant and equipment	**(90)**	45
Staff costs		
– Directors' emoluments	**28,850**	28,357
– Other staff		
– Salaries and other benefits	**91,391**	66,079
– Retirement benefit scheme contributions	**1,029**	773
Total staff costs	**121,270**	95,209

* Research and development expenditure includes HK$5,711,000 relating to staff costs, depreciation and operating lease rentals paid for 2013, amounts of which are included in the respective total amounts disclosed separately above.

7. DIVIDENDS

Interim dividend of HK2 cents per share for the six months ended 30 June 2014 (2013: Nil) was declared and approved. The aggregate amount of the interim dividend of approximately HK$21,280,000 (2013: Nil) was paid in October 2014.

The Directors recommend the payment of final dividend of HK5 cents per share for the year ended 31 December 2014 (2013: HK5 cents per share). The dividend payable was not reflected in the consolidated financial statements for the year ended 31 December 2014.

8. EARNINGS PER SHARE

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

	2014	2013
	HK$'000	*HK$'000*
For the purpose of calculating basic earnings per share		
Profit for the year attributable to the owners of the Company	**58,443**	96,733
For the purpose of calculating diluted earnings per share		
Profit for the year attributable to the owners of the Company	**58,443**	96,733

	2014	2013
Number of shares		
Issued ordinary shares at 1 January	**1,025,181,315**	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	**34,996,438**	473,424
Effect of conversion of convertible loans	**–**	31,225,704
Effect of repurchase of shares	**(1,486,268)**	–
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,058,691,485**	640,643,606
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	**1,058,691,485**	647,896,179

For the year ended 31 December 2013, the weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share have been adjusted to take into effect the capital reorganisation completed on 19 June 2013 as if it had been effective on 1 January 2013.

9. DEBTORS, DEPOSITS AND PREPAYMENTS

	2014	2013
	HK$'000	*HK$'000*
Trade debtors	**73,196**	192,128
Less: Accumulated impairment loss	**(287)**	(287)
	72,909	191,841
Deposits	**56,173**	34,136
Other debtors and prepayments	**29,768**	22,856
	158,850	248,833

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:

	2014	2013
	HK$'000	*HK$'000*
Within 30 days	**66,352**	172,599
31 – 60 days	**1,077**	1,121
61 – 90 days	**83**	1,331
91 – 180 days	**5,397**	16,790
	72,909	191,841

10. CREDITORS AND ACCRUED CHARGES

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

	2014	2013
	HK$'000	*HK$'000*
Within 30 days	**44,013**	67,295
31 – 60 days	**937**	6,348
61 – 90 days	**1,261**	245
91 – 365 days	**2,761**	1,684
Over 365 days	**1,395**	–
Trade creditors	**50,367**	75,572
Other creditors and accrued charges	**101,229**	77,008
	151,596	152,580

11. 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**	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Salaries and other benefits paid to *(notes a & b)*	**–**	–	**–**	–	**5,655**	5,404
Amount due from *(notes c & d)*	**–**	–	**6,106**	6,089	**–**	–
Amounts due to *(note c)*	**3,347**	3,947	**–**	–	**–**	–

Notes:

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

(b) The related party is the spouse of Mr. Jay Chun, the Chairman and an executive Director.

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

(d) Impairment of approximately HK$17,000 (2013: HK$43,000) has been made for the year for the amount due from an associate.

(b) On 2 November 2012, the Group entered into an agreement with Mr. Jay Chun, the Chairman and an executive Director, for the acquisition of various patents and patent applications in the US. The transaction was completed on 19 June 2013 and details of the transaction 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

	2014	2013
	HK$'000	*HK$'000*
Short-term employee benefits	**36,698**	35,903
Retirement benefits scheme contributions	**44**	43
	36,742	35,946

12. 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 2014 and 2013 is set out below:

	Total
	HK$'000
Liability components at 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, and 31 December 2014	–

13. 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, 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 announcements 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. On 12 June 2014, the Macau Second Instance Court confirmed the dismissal of the injunction by agreeing with the Macau First Instance Court decision.

(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

Revenue of the Group for the year increased from HK$1,030,455,000 to HK$1,192,288,000, representing an increase of 15.7%. The increase was mainly attributable to Casino Kam Pek Paradise which grew by 16%. Casino Kam Pek Paradise far outperformed the gaming industry in Macau which recorded a growth rate of –2.6%.

Profit of the Group for the year decreased from HK$103,778,000 to HK$66,541,000, representing a drop of 35.9%. Reasons for the reduced profit were full year impact of Waldo Casino which was loss making, the initial overheads of Casino Macau Jockey Club ("MJC Casino"), as well as the higher amortization from the acquisition of patent and patent applications in the U.S. completed in June 2013. Excluding the amortization of patent and patent applications and the loss on early redemption of promissory note, profit attributable to the owners of the Company is increased by HK$21,715,000 compared with year 2013. Despite the lower EBITDA for the gaming industry in Macau, the adjusted EBITDA of the Group grew from HK$197,716,000 to HK$203,051,000, seeing an increase of 2.7%, which was mainly driven by the revenue growth of the Casino Kam Pek Paradise.

The Group is committed to share the growth and success with our investors and shareholders. To thank for shareholders' continual support over the years, the Board resolved to recommend a final dividend of HK5 cents per share.

Provision of casino services

During the year, the revenue generated by the provision of casino services contributed 86.6% of the total revenue. Adjusted EBITDA from the segment decreased from HK$162,830,000 to HK$160,900,000, representing a drop of 1.2%.

In April 2014, the Group expanded its casino services by adding MJC Casino into its portfolio of casinos. MJC Casino is the world's first chipless casino offering LMG terminals, E-baccarat Tables and slot machines. The Group was able to lower the operating costs of MJC Casino with its proprietary products and solutions. We will also be opening slot halls at Waldo Casino and MJC Casino in 2015. To that end, 172 units and 84 units of slot machine have been installed at Waldo Casino and MJC Casino, respectively, in December 2014.

Sales and revenue sharing of LMG terminals

For the year ended 31 December 2014, revenue generated by the sales and revenue sharing of LMG terminals contributed 13.4% of the total revenue. The adjusted EBITDA increased from HK$55,549,000 to HK$67,005,000, representing an improvement of 20.6%. This is mainly attributable to the increased income from revenue sharing of LMG terminals.

2014 was a challenging working environment for the Group as there was lack of new casino openings in Macau to drive sales of LMG terminals. However, we took the opportunity to introduce new products into the market to expand our product offerings. We have successfully deployed and run our proprietary E-Baccarat Table at the MJC Casino. Like our LMG terminal, the E-Baccarat Table serves to improve the productivity of dealers and the efficiency of casino operations. The acceptance and result have been encouraging, and we are confident that the adoption will pick up later this year among the mainstream casinos.

To lessen the sales unpredictability derived from a single market, the Group has stepped up its efforts to explore new markets. To that end, the Group has entered into a strategic distributorship agreement with International Game Technology ("IGT"), a global leader in casino gaming industry which shares are listed on the New York Stock Exchange, in August 2014 for sales and distribution of LMG machines in the U.S. and the Canada markets. Separately, the Group has also signed a multi-year distribution agreement with Ainsworth Game Technology, a listed company in the Australia Stock Exchange, for the exclusive sales of Fully Automated Multi Game system in Australia.

PROSPECTS

Going forward, the Group will continue to drive growth on both fronts. We will continue to ramp up the table yield at Casino Waldo while reducing the overheads by deploying our proprietary LMG machines. In the meantime, Casino Kam Pek Paradise will continue its marketing efforts to attract the rising number of day-trippers to Macau with the aim of growing in tandem with the market. Meanwhile, both MJC Casino and the LMG Terminal Zone at Lisboa Casino are expected to be self-sufficient this year.

For the Group's sales and revenue sharing of LMG terminals business, we expect the opening of two new casinos and the replenishment order for the previous generation LMG terminals to contribute meaningfully to the Group this year. The Company will also see more traction in the overseas market through our associations with the industry's global heavyweights such as IGT and Ainsworth.

The Group is proud to announce that 24 Live Multi Game terminals on trial at The Palazzo in Las Vegas have been successfully converted into an outright sale in February 2015. This marks the first sale of LMG terminals in the U.S. gaming market and an important milestone for the Company in its effort to penetrate the largest gaming machines market in the world. Our patent-protected LMG terminals serve to improve the efficiency and productivity of casino operations by lowering the average cost per player, and we believe, much like Macau, the LMG terminals will soon gain acceptance throughout the U.S. gaming industry.

On 9 March 2015, the Group was selected to join several stock indexes namely the Hang Seng Broad Consumption Index, the Hang Seng Global Composite Index and the Hang Seng Composite Index. The inclusion in several of these Hang Seng's key indexes represent an important recognition of the Group's business growth from Hang Seng, and that will also create more awareness of the Group's equity and potentially improve the liquidity of trading in the Company's shares.

Overall, the Board expects the Group's core competency in casino services and sales and revenue sharing of LMG terminals will continue to enable the Company to distinguish itself among the peers and outperform the general market.

Liquidity and Financial Resources

As at 31 December 2014, the Group's finance lease and promissory note stood at HK$188,000 and HK$67,642,000, respectively, of which HK$123,000 and nil, respectively, were payable within 12 months. Current liabilities of the Group decreased from HK$168,678,000 to HK$156,088,000, representing a decrease of approximately 7.5%. The Group's total liabilities decreased from HK$307,035,000 to HK$223,795,000, representing a decrease of approximately 27.1%.

As at 31 December 2014, 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 cash and cash equivalents to total assets (excluding cash and cash equivalents)) as at 31 December 2014 was nil (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 31 December 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 of approximately HK$190,000 (2013: HK$324,000).

Organization and Staff

The Group had 453 staff (2013: 368) as at 31 December 2014. 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

The final dividend for the year ended 31 December 2013 of HK5 cents (2012: nil) per share was approved by the shareholders of the Company on the annual general meeting of the Company held on 13 June 2014 and was paid to shareholders of the Company during the year ended 31 December 2014.

The interim dividend for the six months ended 30 June 2014 of HK2 cents (2013: nil) per share was declared by the Company on 28 August 2014 and was paid to shareholders of the Company in October 2014.

The Board has resolved to recommend payment of final dividend for the year ended 31 December 2014 of HK5 cents (2013: HK5 cents) per share which is subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on Friday, 19 June 2015. The dividend payable in this respect was not reflected in the consolidated financial statements for the year ended 31 December 2014.

If the proposed final dividend for the year ended 31 December 2014 of HK5 cents per share is approved by the shareholders of the Company at the forthcoming annual general meeting of the Company, the total dividend for the year ended 31 December 2014 will be HK7 cents (2013: HK5 cents) per share.

	2014	2013
	HK$'000	*HK$'000*
Interim dividend of HK2 cents (2013: nil) paid per ordinary share	**21,280**	–
Proposed final dividend of HK5 cents (2013: HK5 cents) per ordinary share	**52,775**	53,199
	74,055	53,199

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 26 June 2015 to 30 June 2015 (both dates inclusive), during which 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 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 25 June 2015. The final dividend is expected to be distributed on or about 17 July 2015 to shareholders whose names appear on the Register of Members of the Company as at the close of business on 30 June 2015.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has complied with the code provisions of 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 2014 except for certain deviations disclosed below:

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 separated 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 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. However, the annual general meeting held on 13 June 2014 was chaired by 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.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors. As at the date of this announcement, the members of the Audit Committee are Mr. Li John Zongyang (Chairman of the Audit Committee), Mr. Kai-Shing Tao and Ms. Tang Kiu Sam Alice. 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 2014.

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

During the year, the Company repurchased a total of 6,536,000 shares of the Company at an aggregate consideration of HK$19,030,000 on the Stock Exchange. All the 6,536,000 repurchased shares were cancelled during the year. Details of the repurchase are as follows:

Month of repurchases	Number of shares repurchased	Price per share Highest	Price per share Lowest	Consideration
		HK$	*HK$*	*HK$*
September 2014	6,536,000	2.99	2.87	19,030,000

The repurchases were made for the benefit of the Company and its shareholders as a whole with a view to enhance the net asset value per share and to improve the earnings per share of the Company.

Save as disclosed, neither the Company nor its subsidiaries had 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 2015

As at the date of this announcement, the executive Directors are Mr. Jay Chun (Chairman and Managing Director), Mr. Shan Shiyong, alias, Sin Sai Yung and Mr. Hu Liming and the independent non-executive Directors are Mr. Li John Zongyang, Mr. Kai-Shing Tao and Ms. Tang Kiu Sam Alice.