



PARADISE ENTERTAINMENT LIMITED

滙彩控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 1180)

ANNUAL REPORT 2023

* For identification purposes only

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Corporate Information

PLACE OF INCORPORATION

Bermuda

BOARD OF DIRECTORS

Executive Directors

Dr. Jay CHUN, Co-chairman and Managing Director
*(also alternate Director to Mr. SHAN Shiyong,
alias, SIN Sai Yung)*

Mr. ZHANG Jianjun, Co-chairman

Mr. SHAN Shiyong, alias, SIN Sai Yung

Independent Non-executive Directors

Mr. LI John Zongyang

Ms. TANG Kiu Sam Alice

Dr. LIU Ka Ying Rebecca *(appointed on 28 March 2023)*

Mr. Kai-Shing TAO *(resigned on 28 March 2023)*

AUDIT COMMITTEE

Mr. LI John Zongyang *(Chairman)*

Ms. TANG Kiu Sam Alice

Dr. LIU Ka Ying Rebecca *(appointed on 28 March 2023)*

Mr. Kai-Shing TAO *(resigned on 28 March 2023)*

REMUNERATION COMMITTEE

Mr. LI John Zongyang *(Chairman)*

Dr. Jay CHUN

Ms. TANG Kiu Sam Alice

NOMINATION COMMITTEE

Dr. Jay CHUN *(Chairman)*

Mr. LI John Zongyang

Ms. TANG Kiu Sam Alice

AUTHORISED REPRESENTATIVES

Dr. Jay CHUN

Mr. CHAN Kin Man

COMPANY SECRETARY

Mr. CHAN Kin Man

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit C, 19th Floor, Entertainment Building
30 Queen's Road Central
Hong Kong

BERMUDA PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Tricor Secretaries Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

HONG KONG LEGAL ADVISORS

Taylor Wessing
21/F, 8 Queen's Road Central
Hong Kong

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor
35/F, One Pacific Place
88 Queensway
Hong Kong

PRINCIPAL BANKERS

Bank of China Limited, Macau Branch
Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China (Macau) Limited
Industrial and Commercial Bank of China (Asia) Limited
CMB Wing Lung Bank Limited
Luso International Banking Limited
Tai Fung Bank Limited
Hang Seng Bank Limited
Dah Sing Bank, Limited

WEBSITE

www.hk1180.com

KEY DATES

Annual results announcement: 26 March 2024
Book close dates for 2024 AGM: 17 to 23 May 2024 (both days inclusive)
2024 AGM: 23 May 2024

CORPORATE COMMUNICATIONS

This annual report (both English and Chinese versions) is now available on the websites of the Stock Exchange and the Company at “www.hkexnews.hk” and “www.hk1180.com”, respectively.

LISTING INFORMATION

Place of Listing

Main Board of the Stock Exchange

Stock Code

1180

Board Lot Size

4,000 Shares

INVESTOR RELATIONS

Tel: (852) 2620 5303
Fax: (852) 2620 6000
Email: paradise.ir@hk1180.com

Corporate Profile

The Company was incorporated in Bermuda on 3 December 1996 with its Shares listed on the Main Board of the Stock Exchange since 20 January 1997.

The Company is the holding company of a diverse group of companies that embraces synergies of two principal business segments, namely, the provision of casino management services (operating under its trade name or brand “LT Macau”), and the development, sale and leasing of electronic gaming equipment and systems (operating under its trade name or brand “LT Game”). Such synergies provide the Group with a unique and privileged position in the Macau and overseas gaming markets.

Since 2007, LT Macau has been positioning itself as a casino management service provider focusing on mass market patrons for satellite casinos in Macau upon the commencement of the provision of casino management services in Casino Kam Pek Paradise, a satellite casino of SJM Resorts in Macau, under a service contract entered into with SJM Resorts, the latest term of which is from 1 January 2023 to 31 December 2025. LT Macau sets itself apart from its peers by offering patrons affordable minimum bets which attract a large, diverse and loyal patron base, and achieves a notable edge by leveraging technology to lower its operational costs and increase game efficiency and productivity.

LT Game envisions to take on a leadership role to be one of the worldwide leading gaming equipment and systems suppliers for the development of table game automation and innovative technologies that improve game efficiency and optimise operations with a view to bringing patrons an experience of the perfect harmony of high technology and gaming. LT Game’s first and core flagship product is the patented LMG system which has seen tremendous demand from Macau and overseas casino operators. The Group is the investor, patent owner and sole provider of LMG systems and terminals and dominates the ETG market in Macau. In addition to the LMG system, LT Game has been investing in developing slot machines, other ETG machines and other high-tech gaming related products including automatic intelligent robots, face recognition systems and casino management systems. LT Game is committed to providing comprehensive solutions in response to the development needs in the future and become a leader in the global gaming equipment market. The Group shall continue to place investments on the innovation and development of electronic gaming equipment and systems.

In addition to its core gaming business, since 2023, the Group has commenced a new business of providing innovative and renewable energy solutions and has been actively pursuing investments with suitable partners in the industry to diversify its business portfolio.

Statement from the Board



Dr. Jay Chun

Co-chairman and Managing Director

On behalf of the Board, I am pleased to present the annual results of the Group for the year ended 31 December 2023.

Macau has witnessed a significant resurgence in visitors since the reopening of borders and the ceasing of most of the travel restrictions related to the Covid-19 pandemic in early 2023. The Mainland China government also likewise cancelled most of the epidemic prevention and border quarantine measures around such time to reconnect with the international markets. According to published statistical data, Macau received about 28.2 million visitors in 2023, soared by 394.7% when compared with that of 5.7 million in 2022, representing 71.6% of the number in pre-pandemic 2019. GGR in Macau was MOP183.1 billion in 2023, grew by 333.9% when compared with that of 42.2 billion in 2022, representing about 62.6% of the number in pre-pandemic 2019.

Benefitting from the recovery of the gaming markets from the severe impacts of the pandemic, the Group's gaming business in Macau has demonstrated notable improvements as a result. The Group's reported revenue for the year ended 31 December 2023 was HK\$634.3 million, representing an increase of 113.0% over that of HK\$297.8 million for the year ended 31 December 2022. The Group's Adjusted EBITDA for the year ended 31 December 2023 was a profit of HK\$133.6 million, as compared with a loss of HK\$109.0 million for the year ended 31 December 2022. Revenue from the provision of casino management services for Casino Kam Pek Paradise in Macau has made a significant contribution to the improvement on the Group's business and financial results and such revenue increased by 111.6% from HK\$266.9 million in 2022 to HK\$564.8 million in 2023.

Statement from the Board (Continued)

The Macau gaming industry is progressing well on track following the implementation of both the new “Legal Framework for the Operations of Casino Games of Fortune” (Law no. 16/2001) and the new gaming concessions for ten years under their respective Concession Agreement on Operating Games of Luck in Casinos in Macau effective on 1 January 2023 awarded to six gaming enterprises by the Macau government. The Group’s new service contract (the “New Service Contract”) with SJM Resorts for the provision of casino management services in Casino Kam Pek Paradise (which operates under SJM Resorts’ gaming concession) for a term of 3 years has also taken effect from 1 January 2023. As a result of the Group’s cautious and prudent approach during the negotiation for the New Service Contract with SJM Resorts in late 2022, the Group has been allocated quotas for managing 30 gaming tables and 100 slot machines in Casino Kam Pek Paradise for the 3-year term of the New Service Contract, as compared with 47 gaming tables and almost 200 slot machines as at 31 December 2022 under the previous service contract which expired on 31 December 2022. Meanwhile, the Group has also taken a flexible strategy and worked closely with SJM Resorts to cater for the market sentiment and demand. For instance, in view of the market demand, upon amicable discussions, both parties agreed to a temporary allocation of an additional 10 gaming tables in Casino Kam Pek Paradise for the period from 8 May 2023 to 31 October 2023. The Group will pay close attention to the market trend and endeavour to maximise the revenue and profit generated by Casino Kam Pek Paradise.

The increase in the sale of electronic gaming equipment and systems in Macau is another primary contributor to the uplift in the Group’s revenue for the year ended 31 December 2023 when compared with that for the year ended 31 December 2022. Revenue contributed by this business segment in Macau was approximately HK\$56.8 million, increased by 667.6% from approximately HK\$7.4 million for the year ended 31 December 2022. This increase has affirmed our belief that there is huge potential for ETGs and slot machines to grow in not only the Macau gaming market, but also the fast-growing gaming markets in Southeast Asia such as the Philippines, Vietnam, and Cambodia and the North American gaming markets. Electronic gaming machines could accommodate lower minimum bets from patrons while bearing lower operating costs to operators when compared with those of gaming tables. As the economy and society at large have returned to normal, the Group will take a proactive approach to look to the Southeast Asian gaming markets as well as the North American gaming markets in addition to the Macau gaming market for placement of our gaming machines and products.

As part of the Group’s strategic plans to develop a diversified business portfolio, during the year ended 31 December 2023, the Group has commenced a new business activity of engaging in the supply of smart charging stations and related equipment for E-Vehicles to customers in Mainland China. The Group anticipates that the returns from this new business during its relatively embryonic stage would not be significant but is pleased to note that it contributed HK\$12.4 million to the Group’s revenue for the year ended 31 December 2023, which was certainly a positive sign. In view of the growing importance of reducing carbon emissions and promoting comprehensive green transformation in economic and social development, we anticipate that there is a potential rise in demand for E-Vehicles and related smart charging stations and equipment in Mainland China and will explore further opportunities in providing innovative and renewable energy solutions in the future. As a high-tech enterprise, the Group will continue to invest in high technology and research and development in this area to attain the Group’s strategic development goals of becoming a provider of comprehensive solutions to smart charging, thereby contribute to our Country’s technology development and environmental protection.



After around three years under the shadow of Covid-19 pandemic, we now have entered into the post-pandemic era. Cross-border business activities have fully resumed. The gaming markets are reaping benefits from the post-pandemic recovery, even though demand and profitability have not yet returned to pre-pandemic levels. Still, the global macroeconomic landscape remains unpredictable, with challenges such as geopolitical tensions, economic instability, soaring inflation, and interest rate hikes shaping the business landscape and adding to operational costs. Despite such uncertainties, our confidence in the long-term future of gaming businesses, as well as the business relating to E-Vehicles and environmental protection, remains resolute. The Group will continue to look out for business opportunities to make investments to further promote the Group's growth.

Lastly, I would like to take this opportunity to express my sincere appreciation to our Shareholders, customers, and business partners for their continuing support to the Group, and all staff members for their dedication and hard work over the past years.

On behalf of the Board

Dr. Jay Chun

Co-chairman and Managing Director

26 March 2024

Management Discussion and Analysis

BUSINESS AND FINANCIAL REVIEW

Overview of Results

Total reported revenue of the Group for the year ended 31 December 2023 was HK\$634.3 million, representing an increase of 113.0% over that of HK\$297.8 million for the year ended 31 December 2022. The increase in the total reported revenue of the Group was mainly due to the increase in revenue from the provision of casino management services in Macau, the sale of electronic gaming equipment and systems in Macau, and the new innovative and renewable energy solutions business.

With the Covid-19 pandemic situation being gradually under control, since early 2023, the Macau government has started to ease travel restrictions and lifted its quarantine requirements for inbound business and leisure travellers. As entry quotas were dropped on 6 February 2023, cross-border travel between Mainland China, Hong Kong and Macau has fully resumed. All these factors have contributed to the increase in arrivals to Macau which also led to an increase in the number of patrons to Casino Kam Pek Paradise, the casino under the Group's management in Macau, and hence the increase in Group's revenue from the provision of casino management services in Macau for the year ended 31 December 2023. The increase in revenue from the sale/leasing of electronic gaming equipment and systems was mainly due to the increase in the sale of electronic gaming equipment and systems in Macau which was partially offset by the decrease in revenue from the sale/leasing of electronic gaming equipment and systems in overseas markets. In addition, the Group commenced a new business of providing innovative and renewable energy solutions during the year ended 31 December 2023 which contributed a revenue of HK\$12.4 million to the reported revenue of the Group for the year ended 31 December 2023.



Management Discussion and Analysis (Continued)

BUSINESS AND FINANCIAL REVIEW (Continued)

Overview of Results (Continued)

An analysis of reported revenue by nature is as follows:

	2023 HK\$ million	2022 HK\$ million
Casino under the Group's management in Macau:		
Casino Kam Pek Paradise	564.8	266.9
Electronic gaming equipment and systems:		
Sale/leasing of electronic gaming equipment and systems in Macau*	56.8	7.4
Sale/leasing of electronic gaming equipment and systems overseas	—	21.3
Royalty income from IGT	0.3	2.2
	57.1	30.9
Innovative and renewable energy solutions business in Mainland China	12.4	—
Total reported revenue	634.3	297.8

* Leasing revenue in Macau for the years ended 31 December 2023 and 31 December 2022 did not include the intercompany revenue derived from the LMG terminals deployed at the casino under the Group's management amounting to HK\$116.8 million (2022: HK\$56.3 million) which was included in the reported revenue of Casino Kam Pek Paradise under the Group's management in the above table.

Adjusted EBITDA for the year ended 31 December 2023 was a profit of HK\$133.6 million, as compared with a loss of HK\$109.0 million for the year ended 31 December 2022. The following table reconciles profit (loss) for the year to Adjusted EBITDA:

	2023 HK\$ million	2022 HK\$ million
Profit (loss) for the year	60.9	(166.3)
Adjustments for:		
Interest income	(2.0)	(1.5)
Finance costs	18.6	7.5
Taxation charge (credit)	1.3	(4.6)
Depreciation of property, plant and equipment	27.9	29.4
(Gain) loss on disposal/write-off of property, plant and equipment	(0.1)	2.8
Depreciation of right-of-use assets	14.9	11.1
Gain arising from early termination of lease contracts	(0.1)	—
Loss from change in fair value of convertible loan	—	0.3
Amortisation of intangible assets	12.1	12.1
Impairment loss in respect of amount due from a joint venture	—	0.1
Net loss on disposal of subsidiaries	—	0.1
Others	0.1	—
Adjusted EBITDA	133.6	(109.0)

Management Discussion and Analysis (Continued)

BUSINESS AND FINANCIAL REVIEW (Continued)

Overview of Results (Continued)



An analysis of Adjusted EBITDA by nature is as follows:

	2023	2022
	HK\$ million	HK\$ million
Casino under the Group's management in Macau:		
Casino Kam Pek Paradise	162.8	(38.0)
Electronic gaming equipment and systems:		
Sale/leasing of electronic gaming equipment and systems	11.1	(18.4)
Research and development and other costs	(26.2)	(37.4)
ETG distribution from IGT	0.3	2.2
	(14.8)	(53.6)
Other businesses	2.9	(3.7)
Corporate and other expenses	(17.3)	(13.7)
Adjusted EBITDA	133.6	(109.0)

Adjusted EBITDA from the casino under the Group's management in Macau segment for the year ended 31 December 2023 was a profit of HK\$162.8 million, as compared with a loss of HK\$38.0 million for the year ended 31 December 2022. The turnaround from loss to profit was mainly due to the increase in GGR generated by Casino Kam Pek Paradise in Macau when compared with that generated for the year ended 31 December 2022, mainly due to the increase in the number of patrons to Casino Kam Pek Paradise as mentioned above.

BUSINESS AND FINANCIAL REVIEW (Continued)

Overview of Results (Continued)

Adjusted EBITDA from the electronic gaming equipment and systems segment for the year ended 31 December 2023 was a loss of HK\$14.8 million, as compared with a loss of HK\$53.6 million for the year ended 31 December 2022. The decrease in loss of the segment was mainly due to the turnaround of the Adjusted EBITDA from sale/leasing of electronic gaming equipment and systems from a loss of HK\$18.4 million for the year ended 31 December 2022 to a profit of HK\$11.1 million for the year ended 31 December 2023 which was mainly attributable to the increase in revenue from the sale and provision of upgrading services to LMG terminals in Macau for the year ended 31 December 2023 when compared with that for the year ended 31 December 2022, and the Group's effective cost-saving strategy implemented to research and development and other expenses associated with electronic gaming equipment and systems which included relocating certain work activities which were previously conducted in overseas offices to offices in Macau and Mainland China.

Adjusted EBITDA of other businesses of the Group for the year ended 31 December 2023 was a profit of HK\$2.9 million, as compared with a loss of HK\$3.7 million for the year ended 31 December 2022. The turnaround from loss to profit was mainly attributable to the inclusion of a profit of HK\$2.4 million (2022: nil) in the Adjusted EBITDA for the year ended 31 December 2023 from the Group's innovative and renewable energy solutions business in Mainland China which commenced during the year ended 31 December 2023 and the success in streamlining the loss-making high-tech health innovative business of the Group since late 2022.

Due to the aforementioned reasons, the Group recorded a profit of HK\$60.9 million for the year ended 31 December 2023, as compared with a loss of HK\$166.3 million for the year ended 31 December 2022.

Provision of Casino Management Services in Macau

The following table sets out the average numbers of gaming tables, LMG terminals and slot machines which were in operation in Casino Kam Pek Paradise under the Group's management for the years ended 31 December 2023 and 31 December 2022:

	2023	2022
Traditional gaming tables	24	31
LMG gaming tables	10	8
LMG terminals	860	493
Slot machines	96	98

Pursuant to a service contract entered into between SJM Resorts and the Group on 30 December 2022 for the Group's provision of casino management services in Casino Kam Pek Paradise for the period from 1 January 2023 to 31 December 2025, the Group has been allocated quotas for managing 30 gaming tables and 100 slot machines in Casino Kam Pek Paradise. Pursuant to an offer letter issued by SJM Resorts to the Group on 23 May 2023 which was accepted by the Group on 5 June 2023, the Group was further allocated quotas for managing additional 10 gaming tables in Casino Kam Pek Paradise for the period from 8 May 2023 to 31 October 2023.

As at 31 December 2023, the Group managed a total of 30 (as at 31 December 2022: 47) gaming tables in Casino Kam Pek Paradise, all (as at 31 December 2022: 33) of which were in operation as at that date.

Management Discussion and Analysis (Continued)

BUSINESS AND FINANCIAL REVIEW (Continued)

Provision of Casino Management Services in Macau (Continued)

The following table sets out certain key operational data of gaming tables, LMG terminals and slot machines which were in operation in Casino Kam Pek Paradise under the Group's management for the years ended 31 December 2023 and 31 December 2022:

		2023	2022
Traditional gaming tables			
GGR	<i>(HK\$ million)</i>	452.7	207.5
Gaming tables	<i>(Average no. of tables)</i>	24	31
Net win/table/day	<i>(HK\$ thousand)</i>	51.7	18.3
LMG gaming tables			
GGR	<i>(HK\$ million)</i>	530.9	255.9
Terminals/gaming tables	<i>(Average no. of terminals/tables)</i>	860/10	493/8
Net win/terminal/day	<i>(HK\$)</i>	1,691	1,422
Net win/table/day	<i>(HK\$ thousand)</i>	145.5	87.6
Total gaming tables			
GGR	<i>(HK\$ million)</i>	983.6	463.4
Gaming tables	<i>(Average no. of tables)</i>	34	39
Net win/table/day	<i>(HK\$ thousand)</i>	79.3	32.6
Slot machines			
GGR	<i>(HK\$ million)</i>	50.0	27.5
Slot machines	<i>(Average no. of units)</i>	96	98
Net win/unit/day	<i>(HK\$)</i>	1,427	769
Total GGR	<i>(HK\$ million)</i>	1,033.6	490.9

For the year ended 31 December 2023, total GGR generated by Casino Kam Pek Paradise amounted to HK\$1,033.6 million, representing an increase of 110.6% over that of HK\$490.9 million for the year ended 31 December 2022.



BUSINESS AND FINANCIAL REVIEW (Continued)

Provision of Casino Management Services in Macau (Continued)

A breakdown of revenue attributable to the Group for the casino under the Group's management in Macau for the years ended 31 December 2023 and 31 December 2022 is as follows:

	2023	2022
	HK\$ million	HK\$ million
Casino Kam Pek Paradise:		
Traditional gaming tables	249.0	114.1
LMG gaming tables	292.0	140.8
Slot machines	23.8	12.0
	564.8	266.9

Total revenue attributable to the Group generated by Casino Kam Pek Paradise for the year ended 31 December 2023 was HK\$564.8 million, representing an increase of 111.6% over that of HK\$266.9 million for the year ended 31 December 2022.

Development, Sale and Leasing of Electronic Gaming Equipment and Systems and Royalty Income from IGT

Sale/Leasing of Electronic Gaming Equipment and Systems in Macau

For the year ended 31 December 2023, revenue from sale/leasing of electronic gaming equipment and systems in Macau amounted to HK\$56.8 million, representing an increase of 667.6% over that of HK\$7.4 million for the year ended 31 December 2022. Revenue for the year ended 31 December 2023 in Macau comprised revenue of (i) HK\$48.5 million (2022: nil) from the sale of 260 (2022: nil) LMG terminals; (ii) HK\$5.1 million (2022: HK\$3.5 million) derived mainly from the provision of upgrading services to LMG terminals and other services; and (iii) HK\$3.2 million (2022: HK\$3.9 million) derived from leasing of electronic gaming equipment and systems.

Sale/Leasing of Electronic Gaming Equipment and Systems Overseas

For the year ended 31 December 2023, the Group did not generate any revenue from the sale/leasing of electronic gaming equipment and systems in overseas markets (2022: HK\$21.3 million). Revenue for the year ended 31 December 2022 in overseas markets comprised revenue of (i) HK\$20.3 million derived mainly from the sale of 498 units of slot machine; and (ii) HK\$1.0 million derived from the leasing of slot machines and other electronic gaming equipment and systems. Under the prevalence of the Covid-19 pandemic, the Group's deployment strategy during that period in the North American markets was to promote sale rather than leasing of slot machines and other electronic gaming equipment and systems. The Group managed to dispose of all the units in the year ended 31 December 2022 and accordingly, there was no revenue from the sale/leasing of electronic gaming equipment and systems in overseas markets recorded for the year ended 31 December 2023. In tandem with various cost-saving measures taken to contain the expenditure during the pandemic period, the expansion of our self-developed slot machines business to the North American markets as well as the related research and development activities were slowed down. As the global economic growth is on the rising trend after the pandemic, the Group has planned to expand and invest more in developing innovative electronic gaming equipment and systems for overseas markets, including the Southeast Asian markets such as the Philippines, Cambodia and Vietnam, as well as the North American markets.

Management Discussion and Analysis (Continued)

BUSINESS AND FINANCIAL REVIEW (Continued)

Development, Sale and Leasing of Electronic Gaming Equipment and Systems and Royalty Income from IGT (Continued)

Royalty income from IGT

In April 2016, the Group entered into a strategic agreement with IGT whereby the Group has assigned and licensed certain patents and associated technology to IGT in return for a non-refundable upfront payment of US\$12.95 million (approximately HK\$101.0 million) and a 15-year earn-out payment for every related ETG machine deployed in the global market (other than Macau).

With reference to the royalty statements provided by IGT to the Group, the Group recognised royalty income of HK\$0.3 million for the year ended 31 December 2023 (2022: HK\$2.2 million). Up to 31 December 2023, the Group has accumulatively recognised a total royalty income of HK\$14.7 million from IGT.

Innovative and Renewable Energy Solutions Business in Mainland China

In addition to the Group's core gaming business as mentioned above (namely, the provision of casino management services in Macau, and the development, sale and leasing of electronic gaming equipment and systems), during the year ended 31 December 2023, the Group has commenced a new business of engaging in the supply of smart charging stations and smart charging equipment for E-Vehicles to customers in Mainland China.

During the year ended 31 December 2023, this business contributed a revenue of HK\$12.4 million (2022: not applicable) to the Group's reported revenue.

PROSPECTS

We are pleased to see that since early 2023, global business activities have been gradually resumed to normal with the easing of pandemic measures. For the year ended 31 December 2023, we witnessed a strong recovery and impressive performance of the gaming market in Macau. Thanks to the signing of the new contracts in respect of the 10-year gaming concession and the enactment of the new gaming law commencing from 1 January 2023, which proved to clear the uncertainties regarding the prospects of the gaming industry in Macau. We remain confident in the future of the gaming business in Macau.



PROSPECTS (Continued)

In addition to the Macau gaming market, the Group is actively seeking potential business opportunities in overseas markets to expand its business of electronic gaming equipment and systems. We consider that there is huge potential for electronic table games and slot machines to grow in not only the Macau gaming market, but also the fast-growing Southeast Asian gaming markets such as the Philippines, Vietnam, and Cambodia, and the North American gaming markets. For instance, the Philippines market has good potential as the Philippines already holds the title of the largest electronic gaming machine market in Asia, offering better flexibility with numerous casinos and a variety of gaming types. Further, the Philippines market is relatively more international and adheres to general standards for gaming machines aligning with global norms. The electronic gaming equipment and systems developed for the Philippines market can normally be promoted to other gaming markets in the world with little modification. The Group is ready to go into these markets to expand its businesses in these Southeast Asian gaming markets, while it will continue to explore business opportunities in the North American gaming markets.

We will continue to leverage and optimise our unique and privileged position that embraces synergies of two principal business segments, the provision of casino management services in Macau and the development, sale and leasing of electronic gaming equipment and systems in Macau and overseas gaming markets to enhance operation efficiency and add value to our products and services to cope with challenges arising from the ever-changing markets. This is a strong core strategic competence that we have built over the years and will continue to offer us a competitive advantage in the future. Adhering to our vision and mission, we will keep driving our investment on the research and development on technology and innovation for high-tech gaming products and utilise the research and development results of frontier technology striving to bolster the market competitiveness of our businesses as a major electronic gaming equipment and systems supplier in the industry.

As for comprehensive development in the long run, while our core gaming businesses are no doubt crucial to our growth, we also recognise the importance of seeking diversified expansion of the Group's business portfolio to expand our sources of income and future earning capability, create more value for the Group and seek higher returns for our Shareholders. The "dual carbon" goals of "Peaking Carbon Emissions" and "Achieving Carbon Neutrality" have highlighted the determination of the government in Mainland China to undergo green transformation. The Group has timely seized this opportunity to commence a new business activity of engaging in the supply of smart charging stations and related equipment for E-Vehicles to customers in Mainland China. Given the increasing promotion of the use of innovative and renewable energy and reduction of carbon emissions, there is a potential growing demand for E-Vehicles and related smart charging stations and equipment in Mainland China. The Group is pleased to see that this new business activity has started to bring some returns and plans to invest more in this area. In this new era, a shift towards low carbon production and living is emerging. As a high-tech enterprise and with this in mind, the Group will continue to invest in high technology and research and development, and launch new high-tech innovative products to align with the national policy on the technology development and low carbon for the betterment of the people's quality of life.

Management Discussion and Analysis (Continued)

LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity needs primarily comprise working capital including research and development expenditure, capital expenditure and repayment of bank borrowings, other borrowings and loans from a Shareholder. The Group has generally funded its operations from internal resources, bank borrowings, other borrowings, loans from a Shareholder, and/or equity financing.

The Group has adopted a prudent financial management approach towards its financial and treasury policies. During the year ended 31 December 2023, the Group was on track with this approach to maintain a healthy liquidity position. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. The Group may utilise the balance of cash for appropriate investment in accordance with the Group's strategic direction and development.

As at 31 December 2023, the consolidated net assets of the Group amounted to HK\$218.5 million, representing an increase of HK\$60.8 million or 38.6% from HK\$157.7 million as at 31 December 2022. The increase in consolidated net assets of the Group was mainly due to the Group's profit of HK\$60.9 million for the year ended 31 December 2023.

Pledged Bank Deposits, and Bank Balances and Cash

As at 31 December 2023, the Group held pledged bank deposits of HK\$47.3 million, and bank balances and cash of HK\$59.6 million.

The Group's pledged bank deposits of HK\$47.3 million as at 31 December 2023 comprised fixed deposits totalling HK\$46.5 million (denominated in HK\$, the Group's functional currency, and placed at a Macau bank with an original maturity of 12 months) and HK\$0.8 million (denominated in MOP and placed at a Macau bank with an original maturity of 12 months). The Group's other bank deposits and cash of HK\$59.6 million as at 31 December 2023 were mainly denominated in HK\$, MOP and US\$. Given that MOP is pegged to HK\$ and HK\$ is linked to US\$, the Group considers the exposure to exchange rate risk normal for its bank deposits denominated in MOP and US\$.

Loans from a Shareholder

As at 31 December 2023, the Group had the following outstanding loan facilities offered by Dr. Chun:

- (1) Pursuant to a deed of loan dated 14 March 2022 and subsequent deeds of amendment entered into between Dr. Chun and the Group, Dr. Chun agreed to provide a loan facility amounting to HK\$120.0 million to the Group. The loan is conducted on normal commercial terms and is unsecured, carries interest at 10% per annum and has a maturity date on 31 March 2024. Any amounts repaid by the Group under the loan facility could be re-drawn or re-borrowed during the term of the deed of loan. During the year ended 31 December 2023, the loan was early settled in full. At 31 December 2023, there was no (2022: HK\$65.0 million) outstanding loan principal under the deed of loan; and
- (2) Pursuant to two other deeds of loan dated 18 January 2023 entered into between Dr. Chun and the Group, Dr. Chun agreed to provide term loan facilities totalling HK\$70.0 million for a 3-year period to the Group. The loans are conducted on normal commercial terms and are unsecured, carry interest at 12.5% per annum and are repayable in monthly instalments. The loans have been fully drawn down by the Group on inception and partially prepaid during the year ended 31 December 2023. At 31 December 2023, total outstanding loan principal under these deeds of loan was HK\$46.3 million (2022: not applicable).

LIQUIDITY AND FINANCIAL RESOURCES (Continued)

Borrowings and Gearing Ratio

As at 31 December 2023, the Group had total outstanding indebtedness of HK\$180.8 million (31 December 2022: HK\$188.3 million) comprising:

- (1) secured and unguaranteed bank borrowings of HK\$125.8 million (31 December 2022: HK\$120.6 million) (note i);
- (2) unsecured and unguaranteed loans from a Shareholder of HK\$46.3 million (31 December 2022: HK\$65.0 million) (note ii);
- (3) unsecured and unguaranteed other borrowings of HK\$6.9 million (31 December 2022: HK\$0.4 million) (note iii); and
- (4) unsecured and unguaranteed amounts due to Directors of HK\$1.8 million (31 December 2022: HK\$1.8 million) (note iv).

As at 31 December 2022, the Group also had unsecured and unguaranteed bank borrowing of HK\$0.5 million which was fully repaid during the year ended 31 December 2023 (note v).

Notes:

- (i) The bank borrowings carried interest at prevailing market rates and were on floating rate basis.
- (ii) The loans from a Shareholder as at 31 December 2023 and 31 December 2022 carried interest at fixed rates of 10% or 12.5% per annum.
- (iii) The other borrowings were interest-free.
- (iv) The amounts due to Directors were interest-free.
- (v) The bank borrowing carried interest at a fixed rate of 4% per annum.

The maturity profile of the bank borrowings, other borrowings and the loans from a Shareholder totalling HK\$179.0 million as at 31 December 2023 spread over a period of more than five years, with HK\$37.6 million repayable within one year, HK\$34.0 million in the second year, HK\$43.4 million in the third to fifth year, and HK\$64.0 million over five years. The amounts due to Directors of HK\$1.8 million as at 31 December 2023 were repayable on demand. The Group's bank borrowings, other borrowings, loans from a Shareholder and amounts due to Directors were mainly denominated in MOP and HK\$. Given that MOP is pegged to HK\$, the Group considers that the exposure to exchange rate risk is normal for its indebtedness denominated in MOP.

The Group's gearing ratio (expressed as a percentage of consolidated total borrowings over consolidated net assets of the Group) as at 31 December 2023 was 82.7% (2022: 119.4%). The decrease in the Group's gearing ratio was mainly due to the decrease in consolidated total borrowings of the Group (which in turn was mainly due to the net effect of the net repayment of loans from a Shareholder of HK\$18.7 million and the inception of new bank and other borrowings of HK\$17.6 million), and the increase in consolidated net assets of the Group during the year ended 31 December 2023.

During the year ended 31 December 2023, the Group did not employ any financial instruments for hedging purposes.

Management Discussion and Analysis (Continued)

CAPITAL COMMITMENTS

As at 31 December 2023, the Group had capital commitments in respect of acquisition of property, plant and equipment which is contracted for but not provided for in the consolidated financial statements of HK\$5.5 million (31 December 2022: HK\$6.6 million). The capital commitments will be funded by internal resources of the Group.

FOREIGN EXCHANGE EXPOSURE

The majority of the Group's income and expenses, bank deposits and borrowings are denominated in HK\$ (the Group's functional currency), MOP, RMB and US\$. HK\$ are linked to US\$ and the exchange rate between these two currencies has remained relatively stable over the past several years. MOP is pegged to HK\$, and in many cases the two currencies are used interchangeably in Macau. Due to the stable exchange rates between HK\$ and US\$ and between HK\$ and MOP, the Group does not consider any specific hedge for fluctuation of US\$ or MOP against HK\$ is necessary. The Group has net exchange exposure to RMB as it maintains certain bank deposits and other borrowing denominated in RMB during the year ended 31 December 2023. The Group manages its foreign currency risk of RMB against HK\$ by closely monitoring the movement of the exchange rate and may consider specific hedge for significant foreign exchange exposure should additional need arise.

CHARGES ON GROUP ASSETS

As at 31 December 2023, the Group had charges on its leasehold land and buildings with total carrying amount of HK\$192.5 million and bank fixed deposits of HK\$47.3 million, details of which are as follows:

- (1) leasehold land and buildings with carrying amount of HK\$111.5 million to secure a bank borrowing offered by a bank to the Group;
- (2) leasehold land and buildings with carrying amount of HK\$81.0 million to secure bank borrowings offered by a bank to the Group;
- (3) bank fixed deposits totalling HK\$46.5 million to secure for a guarantee issued by a bank in favour of SJM Resorts in the amount of HK\$45.7 million for the period from 1 April 2020 to 31 December 2026 for the Group's fulfilment of all its obligations, including the reimbursement by the Group to SJM Resorts of the employees' compensation and benefits for those gaming operation employees employed by SJM Resorts who work for the casino under the Group's management in Macau, as stipulated under the service agreements (and all related supplemental agreements) entered into between SJM Resorts and the Group for the provision of casino management services by the Group to SJM Resorts; and
- (4) a bank fixed deposit of HK\$0.8 million to secure for a guarantee issued by a bank relating to certain subsidies granted by the Macau government to the Group.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any significant contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSALS, AND SIGNIFICANT INVESTMENTS

There were no material acquisitions or disposals (including material acquisitions and disposals of subsidiaries, associates and joint ventures), or significant investments of the Group during the year ended 31 December 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2023 and the date of this annual report, save as disclosed under the sub-section headed “Capital Commitments” above, the Group had no other plans for material investments or capital assets.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group had approximately 680 employees, including approximately 390 gaming operation employees who were employed by SJM Resorts to work for Casino Kam Pek Paradise under the Group’s management. These gaming operation employees were paid by SJM Resorts and the Group reimbursed SJM Resorts in full for their salaries and other benefits.

Total staff costs, including Directors’ emoluments, for the year ended 31 December 2023 amounted to HK\$228.7 million (2022: HK\$219.6 million), including HK\$120.4 million (2022: HK\$102.8 million) for gaming operation employees employed by SJM Resorts for Casino Kam Pek Paradise.

The terms of employment of employees conform to normal commercial practice. The remuneration policy for the employees of the Group is principally set up by the Board and the management of the Company on the basis of the relevant employees’ qualifications, competence, work performance, industry experience, relevant market trend and the Group’s operating results, etc. Discretionary bonuses are granted to employees based on merit and in accordance with industry practice. Other benefits including share options, share awards, retirement benefits, subsidised medical care, pension funds and training programmes are offered to eligible employees of the Group.

Profile of Directors and Senior Management

EXECUTIVE DIRECTORS

Dr. Jay Chun, aged 59, is an executive Director, a Co-chairman of the Board and Managing Director of the Company, also alternate Director to Mr. Shan Shiyong, alias, Sin Sai Yung. He is the chairman of the Nomination Committee and a member of the Remuneration Committee. He is also a director of various subsidiaries of the Company. Dr. Chun is a talented entrepreneur and manager. He possesses solid background in information technology and marketing, and has 33 years of management and investment experience. Dr. Chun holds a doctoral degree in business administration from the University of Macau, a master's degree in business administration from the W.P. Carey School of Business at the Arizona State University and a bachelor's degree in computer science from the Shanghai University of Science and Technology. Dr. Chun joined the Group and was appointed as the Managing Director of the Company in January 1999. He was appointed as the Chairman of the Board in July 2002 and was re-designated from the Chairman of the Board to a Co-chairman of the Board in December 2022.

Dr. Chun has been particularly caring for the development of the Country. He is a member of the Standing Committee of the Shandong Provincial Committee of the Chinese People's Political Consultative Conference of the PRC. He was a member of the Economic Development Council of the Macau government during the period from 2017 to 2023. In addition, Dr. Chun has been actively participating in community services. He is presently the chairman of Ze Ai Association and honorary chairman of Ze Ai Charity Association, which are prominent non-profit making charitable organisations committed to caring for the elderly, women and children as their core goals, and have been adhering to the mission of "quality care, all-round development" for the commission of charity work in Mainland China and Macau. In recognition of his outstanding achievement in the Macau entertainment and leisure industry, in October 2019, Dr. Chun was honoured with the award of "20 Persons in 20 Years: the Most Valuable Persons of Macao's Tourism and Leisure Industry from 1999 to 2019".

The discloseable interests of Dr. Chun in the Shares and underlying Shares under the provisions of Part XV of the SFO are set out in the section headed "Directors' and Chief Executives' Interests in Securities" under the Directors' Report of this annual report.

Mr. Zhang Jianjun, aged 49, is an executive Director and a Co-chairman of the Board. Mr. Zhang has 26 years of experience in investment banking, financial investment, asset restructuring and management, corporate listing, finance and advisory, and mergers and acquisitions. He is a seasoned investor especially in the industries of providing innovative and renewable energy solutions, big data for health and consumption, and digital financial technology. Mr. Zhang is a Chinese Certified Public Accountant and has been a member of the Chinese Institute of Certified Public Accountants since 1998. He graduated from the Zhongnan University of Economics and Law with a bachelor's degree in economics (accounting) in 1997. He further attained a master's degree in economics (finance) from the Wuhan University in 2006. Mr. Zhang joined the Group and was appointed as an executive Director and a Co-chairman of the Board in December 2022.

Mr. Zhang has been serving as a supervisory member of the administrative board of De-Fin Trust S.E. since 2022. Prior to that, he held senior management roles at various companies, which include but not limited to being an executive deputy general manager of a state-owned enterprise in the PRC, as well as the managing director of the investment banking department of the Beijing Branch at Haitong Securities Company Limited, a company listed on both the Shanghai Stock Exchange with stock code: 600837 and the Stock Exchange with stock code: 6837.

Profile of Directors and Senior Management (Continued)

EXECUTIVE DIRECTORS (Continued)

In recognition of his expertise as an investment banker, Mr. Zhang was awarded the “2018 Top Ten Outstanding Investment Bankers in China” by Securities Times in April 2018. In September 2012, he was awarded the “2012 Best Investment Banker of Chinese Securities Firms” by Money Weekly. In July 2012, he was named “2011 Best Sponsor Representative” and “2011 Most Powerful Sponsor Representative” by Chinese Venture. Mr. Zhang served as the 11th board of directors of the China Youth Entrepreneurs Association, an expert committee member of the China Social Financing Cost Index. He has also been actively contributing to the community as he is currently a tutor of the China Association for Public Companies and the standing deputy chairman of the Guangdong-Hong Kong-Macao Greater Bay Area Industrial and Commercial Federation.

Mr. Shan Shiyong, alias, Sin Sai Yung, aged 60, is an executive Director. He is also a director of various subsidiaries of the Company. Mr. Shan is an entrepreneur with strong business vision. After completing his studies in economics at the Shandong Agricultural University in the PRC, he started his own business in manufacturing and exporting. Mr. Shan subsequently diversified his business interests to trading, property development and venture capital investment in the PRC. He has 36 years of dedicated business, investment and management experience at the owner level. Mr. Shan joined the Group and was appointed as an executive Director in October 1998. He was the Chairman of the Board from May 1999 to July 2002.

The discloseable interest of Mr. Shan in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed “Directors’ and Chief Executives’ Interests in Securities” under the Directors’ Report of this annual report.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li John Zongyang, aged 68, was appointed as an independent non-executive Director on 10 September 2007. He is the chairman of both the Audit Committee and the Remuneration Committee and a member of the Nomination Committee. Mr. Li has a rich and versatile background in the finance, business and corporate environment in the Asia-Pacific region. Mr. Li had worked for 10 years with Framlington Investment Management Company Limited, a leading investment management company in London, where he served as a senior fund manager and the head of the Asia Pacific region. Mr. Li had served as the chief executive officer for several reputable companies in Asia. Mr. Li holds a bachelor’s degree in economics from the Peking University in the PRC and a master’s degree in business administration from the Middlesex University Business School in London.

Ms. Tang Kiu Sam Alice, aged 42, was appointed as an independent non-executive Director on 25 April 2014. She is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee. Ms. Tang graduated with a bachelor of science degree in e-commerce from the Brunel University in London. Ms. Tang has more than 19 years of business development experience in the gaming industry and has comprehensive knowledge in gaming operations and products, strategic planning, sales and marketing and is experienced in product development with successful launches of a series of gaming products including video slot machines, electronic table games and slot management system. Ms. Tang is currently the managing director of Winning Asia Technology Macau Limited.

Profile of Directors and Senior Management (Continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS (Continued)

Dr. Liu Ka Ying Rebecca, aged 54, was appointed as an independent non-executive Director and a member of the Audit Committee on 28 March 2023. Dr. Liu graduated from the York University, Canada with a double bachelor's degree in business administrative studies with major in management and in accounting (with honours) in November 1992 and November 1994, respectively, and further obtained a doctoral's degree in business administration from the Victoria University of Switzerland in November 2011. Dr. Liu possesses extensive experience in management, finance, investment, as well as accounting and financial management, and is currently the senior vice president of Fortune (Shanghai) Limited. She was the general manager for the Asia and China region of PRG-Schultz International, Inc., a company listed on NASDAQ (NASDAQ: PRGX), from June 1996 to March 2002.

Dr. Liu has been an independent non-executive director of Logan Group Company Limited (stock code: 3380) since November 2013, SITC International Holdings Company Limited (stock code: 1308) since December 2020 and Renaissance Asia Silk Road Group Limited (stock code: 274) since August 2022, and a non-executive director and the vice chairman of the board of directors of Culturecom Holdings Limited (stock code: 343) since January 2023, the shares of all of them are listed on the Main Board of the Stock Exchange.

Dr. Liu is a member of the American Institute of Certified Public Accountants (AICPA), the Illinois CPA Society of the United States (ICPAS) and the Hong Kong Institute of Certified Public Accountants (HKICPA). Dr. Liu is also a member of the Hong Kong Institute of Bankers, the Association of Women Accountants (Hong Kong) Limited, and the Hong Kong Professionals and Senior Executives Association. She was also a former member of the Tenth and the Eleventh Jilin Provincial Committee of the Chinese People's Political Consultative Conference of the PRC.

SENIOR MANAGEMENT

Ms. Feng Yi, Jenny, aged 59, is the Group's Senior Vice President. Ms. Feng studied at the Shanghai University of Science and Technology. She has extensive experience in business management and promotion. She is the spouse of Dr. Chun, an executive Director. Ms. Feng joined the Group in 2006.

Ms. Feng is enthusiastic about charitable and community services. She is a director of the China Next Generation Education Foundation.

Mr. Au Hon Man, aged 49, is the Group's Chief Operating Officer of the electronic gaming business. Mr. Au holds a bachelor's degree in engineering from the University of Melbourne. Prior to re-joining the Group, he founded various high-tech companies engaging businesses relating to software development, system integration and project management, etc. Mr. Au joined the Group in 2008 for the first time. He has over 16 years of management experience in gaming industry in particular in areas of software and project development. Mr. Au re-joined the Group in November 2023.

Mr. Chan Kin Man, aged 48, is the Group's Chief Financial Officer and Company Secretary. Mr. Chan holds a bachelor's degree in business administration in accounting and finance from The University of Hong Kong. He has over 26 years of experience in accounting, auditing, financial advisory, corporate finance and corporate governance, particularly in entertainment and hospitality sectors. He is a fellow of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Chan joined the Group in February 2017.

The Board presents this annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is an investment holding company of a diverse group of companies that are principally engaged in the provision of casino management services, the development, sale and leasing of electronic gaming equipment and systems, and the provision of innovative and renewable energy solutions business. Principal activities of each of its principal subsidiaries are set out in note 44 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group for the year ended 31 December 2023 which includes an analysis of the Group's performance using financial key performance indicators and a discussion on the Group's likely future business development, a description of the principal risks and uncertainties that the Group may be facing, particulars of important events affecting the Group that have occurred since 31 December 2023, a discussion on the Group's ESG policy and performance, the Company's compliance with the relevant laws and regulations that have a significant impact on the Company and the relationships with its key stakeholders including its employees, customers and suppliers and others that have a significant impact on the Company and on which the Company's success depends, are provided in the "Statement from the Board", "Management Discussion and Analysis", "Directors' Report", "Corporate Governance Report" and "Environmental, Social and Governance Report" of this annual report. The review forms part of the Directors' Report.

PRINCIPAL RISKS AND UNCERTAINTIES

A discussion on the principal risks and uncertainties facing the Group are set out in the sub-section headed "Principal Risks and Uncertainties" in the Corporate Governance Report of this annual report.

RESULTS AND FINANCIAL POSITION

The results of the Group for the year ended 31 December 2023 are set out in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income on pages 83 and 84, respectively.

The financial position of the Group as at 31 December 2023 is set out in the consolidated statement of financial position on pages 85 and 86.

SEGMENT INFORMATION

Segment information of the Group is set out in note 6 to the consolidated financial statements.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

Directors' Report (Continued)

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2023 are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

There were no changes in the Company's share capital during the year ended 31 December 2023. Details of the Company's share capital are set out in note 33 to the consolidated financial statements.

RESERVES

Movements in the reserves of the Group and the Company during the year ended 31 December 2023 are set out in the consolidated statement of changes in equity on page 87 and in note 43 to the consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2023, the Company's reserves available for distribution to Shareholders amounted to approximately HK\$217,014,000 comprising contributed surplus of HK\$1,042,083,000, which is offset by the debit balance of accumulated losses of HK\$825,069,000.

Under the Companies Act 1981 of Bermuda, subject to the provisions of the Bye-Laws, the Company's contributed surplus may be applied to pay distributions or dividends to the Shareholders, provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its liabilities as they become due.

DIRECTORS AND SERVICE CONTRACTS

The members of the Board during the year ended 31 December 2023 and up to the date of this annual report were as follows:

Executive Directors:

Dr. Jay Chun, Co-chairman and Managing Director (*also alternate Director to Mr. Shan Shiyong, alias, Sin Sai Yung*)
Mr. Zhang Jianjun, Co-chairman
Mr. Shan Shiyong, alias, Sin Sai Yung

Independent Non-executive Directors:

Mr. Li John Zongyang
Ms. Tang Kiu Sam Alice
Dr. Liu Ka Ying Rebecca (*appointed on 28 March 2023*)
Mr. Kai-Shing Tao (*resigned on 28 March 2023*)

DIRECTORS AND SERVICE CONTRACTS (Continued)

In accordance with Bye-Law 87(1) of the Bye-Laws, Mr. Shan Shiyong, alias, Sin Sai Yung and Mr. Li John Zongyang will retire by rotation at the 2024 AGM, and they, being eligible, will offer themselves for re-election at the 2024 AGM. Each of Mr. Shan Shiyong, alias, Sin Sai Yung and Mr. Li John Zongyang does not have a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

MANAGEMENT CONTRACTS

No contract for the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2023.

PERMITTED INDEMNITY PROVISION

During the year ended 31 December 2023 and up to the date of this annual report, the Company has in force the permitted indemnity provisions which are provided for in the Bye-Laws and in the directors and officers liability insurance maintained for the Group in respect of potential liability and costs associated with legal proceedings that may be brought against (i) the Directors and the directors of any subsidiaries of the Company; and (ii) the directors appointed by the Company in the board of any associates or joint ventures of the Company.

TAX RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

Directors' Report (Continued)

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 31 December 2023, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	Name of company/ associated corporation	Capacity/ nature of interests	Number of Shares ⁽¹⁾	Approximate aggregate percentage of interests ⁽⁴⁾
Dr. Chun	The Company	Beneficial owner	124,160	0.01%
	The Company	Interest of controlled corporation	630,836,720 ⁽²⁾	59.95%
			630,960,880	59.96%
Mr. Shan Shiyong, alias, Sin Sai Yung	The Company	Interest of controlled corporation	26,097,580 ⁽³⁾	2.48%

Notes:

- (1) All interests in Shares stated above represent long positions.
- (2) These Shares were held by August Profit Investments Limited, a company wholly-owned by Dr. Chun.
- (3) These Shares were held by Best Top Offshore Limited, a company wholly-owned by Mr. Shan Shiyong, alias, Sin Sai Yung, an executive Director.
- (4) The percentage represents the number of Shares interested divided by the total number of issued Shares as at 31 December 2023.

Save as disclosed above, as at 31 December 2023, none of the Directors and the chief executives of the Company was interested or had any short position in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2023, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the Directors or chief executives of the Company, the following persons or corporations, other than Directors or chief executives of the Company, had an interest or short positions in the Shares and underlying Shares of the Company, which would require to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of the Company:

Name of substantial Shareholder	Number of Shares ⁽¹⁾	Approximate percentage of interests ⁽⁴⁾
August Profit Investments Limited ⁽²⁾	630,836,720	59.95%
FIL Limited ⁽³⁾	73,400,000	6.98%
Pandanus Partners L.P. ⁽³⁾	73,400,000	6.98%
Pandanus Associates Inc. ⁽³⁾	73,400,000	6.98%

Notes:

- (1) All interests in Shares stated above represent long positions.
- (2) August Profit Investments Limited is a company wholly-owned by Dr. Chun.
- (3) To the best of the Directors' knowledge, FIL Limited is controlled (as defined under the SFO) by Pandanus Partners L.P., which in turn is controlled (as defined under the SFO) by Pandanus Associates Inc. Those 73,400,000 Shares represent the same interests and are therefore duplicated among them.
- (4) The percentage represents the number of Shares interested divided by the total number of issued Shares as at 31 December 2023.

Save as disclosed above, as at 31 December 2023, the Company had not been notified of any person or corporation who was interested or had a short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 25 May 2017 for the purposes of providing incentives or rewards to the eligible participants for the contribution to the success of the Group's operations. Eligible participants of the Share Option Scheme include, among others, the Directors (including independent non-executive Directors), full-time or part-time employees, executives or officers of the Group, consultants and suppliers. The Share Option Scheme will be valid and effective for a period of ten years from the date of adoption of the Share Option Scheme. Accordingly, the remaining life of the Share Option Scheme is approximately three years.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme must not exceed 30% of the total number of Shares in issue from time to time. The maximum number of Shares issued and to be issued upon exercise of the options granted and to be granted to each eligible participant in any 12-month period must not exceed 1% of the Company's issued share capital from time to time. Any grant or further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting of the Company.

Directors' Report (Continued)

SHARE OPTION SCHEME (Continued)

Each grant of share options to a Director, chief executive or substantial Shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive Directors. In addition, any grant of share options to a substantial Shareholder or an independent non-executive Director, or to any of their associates, resulting in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in a 12-month period up to and including the date of such grant in excess of 0.1% of the Shares in issue and with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK\$5 million, is subject to Shareholders' approval in advance in a general meeting of the Company.

The period during which an option may be exercised is determined by the Board in its absolute discretion, save that such period shall not be longer than ten years from the date of grant. The minimum period for which an option must be held before it can be exercised (i.e. the vesting period) is determined by the Board upon the grant of an option.

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the option is duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 as consideration for the grant of the option, is received by the Company within 21 days after the date of offer.

The exercise price of share options is determined by the Directors, but shall not be less than the highest of (i) the nominal value of the Shares; (ii) the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of offer of the share options; and (iii) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of offer.

No options were granted by the Company, exercised, cancelled or lapsed under the Share Option Scheme and no equity-settled employees' benefit (including Directors' emoluments) was recognised during the year ended 31 December 2023. Accordingly, there was no Share that may be issued in respect of options granted (if any) during the year ended 31 December 2023.

There was no share option outstanding under the Share Option Scheme as at 1 January 2023, during the year ended 31 December 2023 and as at 31 December 2023.

As at the beginning and the end of the year ended 31 December 2023 and the date of this annual report, the total number of options available for grant under the Share Option Scheme is 105,218,531, representing rights to subscribe for 105,218,531 Shares that may be issued pursuant to the Share Option Scheme, being 10% of the total number of Shares in issue as at the date of adoption of the Share Option Scheme (i.e., 25 May 2017) and as at the date of this annual report.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on 11 November 2019 for the purposes of, among others, providing incentives and/or rewards to the eligible participants for the contribution to the development and success of the Group. Eligible participants of the Share Award Scheme include, among others, the Directors (including executive Directors, non-executive Directors and independent non-executive Directors), the directors of the Company's subsidiaries, and the employees of the Group. The Share Award Scheme shall be valid and effective for a term of ten years commencing on the date of adoption of the Share Award Scheme. Accordingly, the remaining life of the Share Award Scheme is approximately five years.

SHARE AWARD SCHEME (Continued)

Under the Share Award Scheme, the Board shall not make any further award which will result in the aggregate number of Shares underlying all awards granted by the Board under the Share Award Scheme exceeding 10% of the total number of issued Shares as at the date of adoption of the Share Award Scheme. Except as otherwise approved by the Board, the maximum aggregate number of Shares underlying the awards that may be granted to any grantee under the Share Award Scheme shall not exceed 1% of the total number of issued Shares as at the date of adoption of the Share Award Scheme. Any grant of an award to any Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company, or any of their respective associates (as defined in the Listing Rules), shall be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the award in question) and all grants to connected persons (as defined in the Listing Rules) shall be subject to compliance with the requirements of the Listing Rules. Unless otherwise specified in the offer document, acceptance of the award is not subject to any payment by the grantee.

The Share Award Scheme shall terminate on the earlier of: (i) the tenth anniversary date of the adoption date of the Share Award Scheme; and (ii) such date of early termination as determined by a resolution of the Board, provided that such termination shall not affect any subsisting rights of any grantee under the Share Award Scheme. In the event of termination, no further awards may be offered or granted but the terms of the Share Award Scheme shall remain in full force and effect in respect of awards which are granted during the term of the Share Award Scheme and which remain unvested immediately prior to the termination of the Share Award Scheme.

In December 2019, the Company appointed a trustee in connection with the Share Award Scheme (the "Trustee") to assist with the administration and vesting of awards under the Share Award Scheme and the trust deed executed in such connection.

Subject to the terms of the Share Award Scheme and the specific terms on which an award is granted, an award held by the Trustee on behalf of the relevant grantee shall vest on the vesting date as determined by the Board in accordance with the Listing Rules and notified to the relevant grantee.

No awards were granted by the Company, vested, cancelled or lapsed under the Share Award Scheme and no equity-settled employees' benefit (including Directors' emoluments) was recognised in this connection during the year ended 31 December 2023. Accordingly, there was no Share that may be issued in respect of awards granted (if any) during the year ended 31 December 2023.

There was no award outstanding under the Share Award Scheme as at 1 January 2023, during the year ended 31 December 2023 and as at 31 December 2023. No Shares were purchased by the Trustee under the Share Award Scheme since the adoption of the scheme and up to 31 December 2023.

As at the beginning and the end of the year ended 31 December 2023 and the date of this annual report, the total number of awards available for grant under the Share Award Scheme is 105,218,531, with the underlying 105,218,531 Shares representing 10% of the total number of Shares in issue as at the date of adoption of the Share Award Scheme (i.e., 11 November 2019) and as at the date of this annual report.

Directors' Report (Continued)

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the Share Option Scheme and Share Award Scheme disclosed under the sections headed "Share Option Scheme" and "Share Award Scheme", respectively, and the contracts disclosed under the section headed "Directors' Interests in Transactions, Arrangements and Contracts of Significance" in this Directors' Report, at no time during the year ended and as at 31 December 2023 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate. In addition, none of the Directors, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company or had exercised any such right during the year ended 31 December 2023.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries had purchased, sold, redeemed or cancelled any of the Company's listed securities during the year ended 31 December 2023.

ISSUE FOR CASH OF EQUITY SECURITIES

For the year ended 31 December 2023, the Company did not issue for cash any securities (including shares, debentures, and securities convertible into equity securities).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-Laws, or the laws of Bermuda, which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

For the year ended 31 December 2023, no convertible securities, options, warrants or similar rights were issued or granted by the Company or any of its subsidiaries or were exercised. As at 31 December 2023, no convertible or redeemable securities, options, warrants or similar rights remained outstanding.

KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group is committed to operating in a sustainable manner while balancing the interests of its various stakeholders including employees, customers and suppliers.

The Group's employees are invaluable assets of the Group and the Group is dedicated to managing human capital. The remuneration package the Group is offering to its staff includes basic salaries, allowances, discretionary bonuses, share options, share awards, retirement benefits, subsidised medical care and pension funds. The management of the Group reviews the performance of the Group's employees on a periodical basis in order to determine salary adjustments and promotions and keep the Group's remuneration package competitive. The Group also provides ongoing training programmes to its employees and subsidies to its staff for recognised courses. The Directors believe that these measures could also serve as means to retain quality staff.

KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS (Continued)

The Group has been providing casino management services at Casino Kam Pek Paradise to SJM Resorts since 2007. Since then, the Group has provided efficient management services as demonstrated by the outperformance of Casino Kam Pek Paradise than many other satellite casinos in Macau. The Group has successfully built a solid and reliable long-term business relationship with SJM Resorts and has managed to offer an affordable and exhilarating gaming experience to the patrons in Casino Kam Pek Paradise. In addition, the Group has also maintained strong and long-term business relationships with some loyal customers for purchasing or leasing electronic gaming equipment and systems from the Group in Macau and overseas. The Directors believe that the Group's strong and long-term relationships with these key customers provide it with a competitive advantage to secure a steady flow of repeat business and revenue.

The Group has established close and long-term business relationships with suppliers in different areas of specialty, including but not limited to SJM Resorts (in which the Group reimburses SJM Resorts for its supply of labour and other essential equipment in Casino Kam Pek Paradise), as well as other suppliers in respect of electronic gaming equipment and systems including cabinets, parts and accessories. Some of them are reputable suppliers in the global gaming industry. The Directors believe that the Group's established relationships with them have greatly enhanced and will continue to enhance the Group's overall services to its customers.

In view of the above, there is no circumstance or any event which may have a significant impact on the Group's business and on which the Group's success depends as at the date of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2023, the aggregate amount of revenue attributable to the Group's five largest customers accounted for approximately 98.2% of the Group's total revenue and the revenue attributable to the Group's largest customer represented approximately 89.1% of the Group's total revenue.

For the year ended 31 December 2023, the aggregate amount of cost of sales and services attributable to the Group's five largest suppliers accounted for approximately 70.4% of the Group's total cost of sales and services and the cost of sales and services attributable to the Group's largest supplier represented approximately 54.7% of the Group's total cost of sales and services.

None of the Directors, their associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has any interest in any of the Group's five largest customers or suppliers.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with legal and regulatory requirements. Internal compliance and risk management policies and procedures are in place to ensure the Group's adherence and compliance with all significant legal and regulatory requirements in the territories in which the Group has business operations. For details, please refer to the Corporate Governance Report of this annual report. For the year ended 31 December 2023 and up to the date of this annual report, to the best knowledge of the Directors, the Group has complied in all material respects with the applicable laws and regulations of the territories in which the Group has business operations, which have a significant impact on the business and operations of the Group. The Group has also obtained all licenses, approvals and permits from the relevant regulatory authorities that are material for its business operations in the territories in which the Group has business operations.

Directors' Report (Continued)

UPDATES TO A MAJOR DISPOSAL

On 25 April 2016, the Group entered into a strategic agreement (the "Agreement") with IGT, pursuant to which the Group assigned and licensed certain patents and associated technology to IGT in return for a non-refundable upfront payment and a 15-year earn-out payment for every related ETG machine deployed in the global market (other than Macau). The transaction constituted a major transaction of the Company.

According to the statements provided by IGT to the Group, earn-out payments entitled by the Group as a result of such placement of the licensed products amounted to US\$1,894,000 (equivalent to approximately HK\$14,773,000) up to 31 December 2023. Such earn-out payments were calculated in accordance with the terms of the Agreement, which state that such payments shall be calculated based on (i) the number of licensed products placed times a flat fee per unit for the licensed products placed by IGT through sale; and (ii) the number of licensed products placed times a flat fee per unit per day for the licensed products placed by IGT through leasing.

Subsequent to the signing of the Agreement, a dispute arose between the Group and IGT as to whether the Group has to provide certain technology (not being possessed by the Group) to IGT that may be required for IGT to make and place the licensed products under the Agreement (the "Dispute"). On 17 October 2017, upon commercial negotiation of the parties with the view to resolving the Dispute, the Group agreed in writing with IGT that it shall pay to IGT a sum of US\$800,000 (equivalent to approximately HK\$6,240,000) (the "Settlement Amount") for complete resolution of the Dispute, which was determined based on the sharing by the Group of the estimated costs for the required technology. The parties further agreed that the Settlement Amount shall first set-off against any earn-out payments owed by IGT to the Group under the Agreement.

Further details of the transaction and the Dispute/Settlement Amount were disclosed in the Company's announcements dated 26 April 2016 and 14 December 2017, and the Company's circular dated 21 June 2016.

CONNECTED TRANSACTIONS

Continuing Connected Transactions for Year Ended 31 December 2023

Renewed Supply Framework Agreement

On 13 December 2022, the Company (for itself and on behalf of its subsidiaries) entered into a renewed supply framework agreement (the "Renewed Supply Framework Agreement") with Mr. Feng (for himself and on behalf of companies controlled by him) for the supply of slot machines and other electronic gaming machines, devices, equipment and systems, and the hardware, components, accessories, parts and materials thereof, the additions thereto, and other related products (the "Products") by way of sale and/or leasing to Mr. Feng and companies controlled by him for a term of one year commencing from 1 January 2023 and ending on 31 December 2023. According to the terms of the Renewed Supply Framework Agreement, (i) when supplying the Products to the Customers by way of sale, the Products shall be priced at such level that represents an 8% to 10% discount from the Group's listed price of the same Products, which were, in turn, determined with reference to the then prevailing market price of corresponding Products; and (ii) when supplying the Products to the Customers by way of leasing, the rental fees of the Products to be paid by the Customers to the Group shall be determined at such level that represents an 8% to 10% discount from the Group's listed rental fees of the same Products, which were, in turn, determined with reference to the then prevailing market rental rates. The annual cap under the Renewed Supply Framework Agreement was HK\$20,000,000 for the year ended 31 December 2023.

Further details of the Renewed Supply Framework Agreement are set out in the Company's announcement dated 13 December 2022.

CONNECTED TRANSACTIONS (Continued)

Continuing Connected Transactions for Year Ended 31 December 2023 (Continued)

Renewed Supply Framework Agreement (Continued)

Mr. Feng is the brother-in-law of Dr. Chun, the controlling Shareholder, a Co-chairman of the Board, an executive Director and the Managing Director of the Company, and thus a deemed connected person of the Company within the meaning of the Listing Rules and therefore, the transactions contemplated under the Renewed Supply Framework Agreement constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules for the year ended 31 December 2023.

Pursuant to applicable percentage ratios (as defined under the Listing Rules) on execution of the Renewed Supply Framework Agreement in respect of the annual cap under the Renewed Supply Framework Agreement, the transactions contemplated under the Renewed Supply Framework Agreement were subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under the Listing Rules.

For the year ended 31 December 2023, there was no amount received/receivable by the Group from Mr. Feng or companies controlled by him under the Renewed Supply Framework Agreement. The Renewed Supply Framework Agreement was entered into for the Company to sell/lease its electronic gaming equipment and systems mainly in the North American markets. However, the Company did not generate any revenue from the sale/leasing of electronic gaming equipment and systems in overseas markets for the year ended 31 December 2023 (for further details, please refer to the sub-section headed "Sale/Leasing of Electronic Gaming Equipment and Systems Overseas" in the Management Discussion and Analysis of this annual report). The Company has complied with the reporting and announcement requirements under the Listing Rules in respect of the above contemplated continuing connected transactions for the year ended 31 December 2023. Since the Company did not have any transactions conducted under the Renewed Supply Framework Agreement for the year ended 31 December 2023, the Company did not have to comply with the requirements for annual review of the continuing connected transactions by the independent non-executive Directors and the independent auditor of the Company.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed under the section headed "Connected Transactions" in this Directors' Report and in notes 22 and 41 to the consolidated financial statements, no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which any Director (or any entity connected with a Director) had a material interest, whether directly and indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2023.

CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed under the section headed "Connected Transactions" in this Directors' Report and in notes 22 and 41 to the consolidated financial statements, no transactions, arrangements or contracts of significance (including contracts of significance for the provision of services) between the Company (or any of its subsidiaries) and any controlling Shareholder (or any of its subsidiaries) subsisted at the end of the year or at any time during the year ended 31 December 2023.

Directors' Report (Continued)

EQUITY-LINKED AGREEMENTS

Save as the Share Option Scheme and the Share Award Scheme disclosed in this Directors' Report, no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year ended 31 December 2023.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION POLICY

The emoluments of the executive Directors were decided by the Board as recommended by the Remuneration Committee having regard to a written emolument policy (which ensures a clear link to business strategy and a close alignment with the Shareholders' interest and current best practice), the Group's operating results, the individual performance of the executive Directors and the comparable market statistics. The independent non-executive Directors' fees are in line with market practice. No individual Director should determine his/her own remuneration.

Emolument package includes, as the case may be, fees, basic salaries, housing allowances, contribution to pension schemes, discretionary bonus relating to the financial results of the Group and individual performance, ad hoc rewards, share options, share awards and other competitive fringe benefits such as medical and life insurances. Details of the emoluments of the Directors and the five highest paid individuals of the Group for the year ended 31 December 2023 are set out in note 10 to the consolidated financial statements.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company has complied with the code provisions as set out in the CG Code throughout the year ended 31 December 2023 except for certain deviations disclosed under the sections headed "Chairman and Managing Director" in the Corporate Governance Report of this annual report. For further information on the Company's corporate governance practices and details of the deviations, please refer to the Corporate Governance Report of this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES AND PERFORMANCE

The Group is aware of the importance of environmental-friendly and sustainable development. The Group strives to minimise wastes and consumption of resources such as electricity and water. The Group recognises this to be a continuous process of monitoring and improvement, and the Group seeks to look for environmental-friendly practice in the Group's operations whenever possible. For further details, please refer to the Environmental, Social and Governance Report of this annual report.

UPDATE ON DIRECTORS' INFORMATION

Biographical details of each of the Directors are set out in the "Profile of Directors and Senior Management" of this annual report.

On 28 March 2023, Mr. Kai-Shing Tao tendered his resignation as an independent non-executive Director and Dr. Liu Ka Ying Rebecca was appointed as an independent non-executive Director. Further details of the resignation and the appointment of Directors are set out in the Company's announcement dated 28 March 2023.

UPDATE ON DIRECTORS' INFORMATION (Continued)

Save as disclosed, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

There is no important event after 31 December 2023 which is required to be disclosed.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the latest practicable date prior to the issue of this annual report, there is sufficient public float of not less than 25% of the Company's issued Shares as required under the Listing Rules.

FINANCIAL SUMMARY

A summary of the audited consolidated results and assets and liabilities of the Group for the last five financial years is set out on page 154 of this annual report.

INDEPENDENT AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2023 were audited by the Company's independent auditor, Messrs. Deloitte Touche Tohmatsu. A resolution will be proposed at the 2024 AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as the independent auditor of the Company.

On behalf of the Board

Dr. Jay Chun

Co-chairman and Managing Director

26 March 2024

Corporate Governance Report

The Board believes that corporate governance is essential to the success of the Company and has adopted various measures to ensure that a high standard of corporate governance is maintained to safeguard the interests of the Shareholders.

In the opinion of the Board, the Company has complied with the code provisions of the CG Code throughout the year ended 31 December 2023 except for certain deviations disclosed herein.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as the code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, all Directors have confirmed that they had complied with the requirements set out in the Model Code during the year ended 31 December 2023.

BOARD OF DIRECTORS

(a) Board Composition

Given the nature and business objectives of the Company, the Board has a balance of skill and experience, and board diversity appropriate for the requirements of the business of the Company. The list of Directors, their respective biographical details, and the relationships among the members of the Board and the senior management of the Company (if any) are set out in the "Profile of Directors and Senior Management" of this annual report.

(b) Appointment and Re-election of Directors

The Bye-Laws contain provisions on the procedures of appointment and re-election of Directors.

Currently, none of the Directors (including the independent non-executive Directors) are appointed with a specific term of employment. 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 relevant provision of the Bye-Laws, and their terms of appointment will be reviewed when they are due for re-election.

In light of code provision B.2.3 of the CG Code, the Company goes further that election of any Director, including independent non-executive Directors, will be subject to a separate resolution to be approved by the Shareholders at annual general meeting of the Company regardless of the length of service of the Director has served the Board.

(c) Board Meetings

The Company adopts the practice of holding Board meetings on regular and ad hoc basis. Notices of no less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board meetings and Board committee meetings, reasonable notice is generally given by the Company.

BOARD OF DIRECTORS (Continued)

(c) Board Meetings (Continued)

The agenda and accompanying Board papers are dispatched to the Directors or committee members at least three days before the Board meetings or Board committee meetings to ensure that the Directors have sufficient time to review the papers and be adequately prepared for the Board meetings or Board committee meetings. When the Directors or committee members are unable to attend a meeting, they are advised of the matters to be discussed and given an opportunity to make their views known to the chairman of the meeting prior to the meeting. Minutes of meetings are kept by the company secretary of the Company with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board committee meetings are recorded in sufficient detail on the matters considered by the Board and the Board committees and the decisions reached, including any concerns raised by the Directors. Draft and final versions of minutes of each Board meeting and Board committee meeting are sent to the Directors for comments and records, respectively, within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by the Directors.

(d) Directors' Attendance Records

During the year ended 31 December 2023, five Board meetings and an annual general meeting of the Company were held. Details of Directors' attendance at the Board meetings and the annual general meeting held in the year are set out as follows:

	Number of attendance/meetings	
	Board meetings	Annual general meeting held on 24 May 2023
Executive Directors:		
Dr. Chun (<i>Co-chairman and Managing Director</i>)	4/5	1/1
Mr. Zhang Jianjun (<i>Co-chairman</i>)	3/5	1/1
Mr. Shan Shiyong, alias, Sin Sai Yung	0/5	0/1
Independent Non-executive Directors:		
Mr. Li John Zongyang	5/5	0/1
Ms. Tang Kiu Sam Alice	5/5	1/1
Dr. Liu Ka Ying Rebecca (<i>appointed on 28 March 2023</i>)	1/2	1/1
Mr. Kai-Shing Tao (<i>resigned on 28 March 2023</i>)	0/3	N/A

Corporate Governance Report (Continued)

BOARD OF DIRECTORS (Continued)

(e) Responsibilities and Delegations

The Board is responsible for the leadership, management and control of the Group, overseeing the Group's businesses, strategic decisions and performance, evaluating the performance of the Group and supervising the management. All Directors make decisions objectively in the interests of the Company.

In addition, the Board reserves the authority to make final decisions for all major matters of the Company, including approving and monitoring of all policy matters, overall strategies and budgets, risk management and internal control systems, adoption of dividend policy, dividend payout (if any), adoption of nomination policy, preparation and release of financial information, material transaction (in particular those may involve a conflict of interests), appointment of Directors and other significant financial and operational matters.

All Directors have timely access to all relevant information as well as the advices and services of the company secretary and the senior management of the Company, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any Director may request independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

In order to enhance efficiency, the Board has delegated the day-to-day responsibilities, operations and decisions to the executive Directors and the senior management of the Company who perform their duties under the leadership of the Managing Director.

Approval has to be obtained from the Board prior to the entry into of any significant transactions by any of the Directors and/or the senior management of the Company on behalf of the Group. The Board has the full support of the executive Directors and the senior management of the Company to discharge its responsibilities and operations.

(f) Corporate Governance Functions

The Board is responsible for performing the corporate governance duties set out in code provision A.2.1 of the CG Code.

During the year ended 31 December 2023, the Audit Committee and the Board had reviewed and monitored the Company's corporate governance practices, training and continuous professional development of Directors and the senior management of the Company, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with the Model Code, the CG Code and disclosure in this Corporate Governance Report (including the nomination policy, dividend policy, board diversity policy and effectiveness of the risk management and internal control systems) from time to time and made recommendations (where appropriate).

(g) Environmental, Social and Governance Functions

The Board has overall responsibility for the Group's strategy and reporting in connection with ESG. The environmental, health and safety team (the "EHS Team"), reporting to the Board, is formed for the purpose of ESG evaluation and reporting with members who own those ESG knowledge and skills that are necessary for conducting internal and external materiality assessments and preparation of the ESG reports. The EHS Team members will, if they think fit, meet the employees from different departments to drive implementation, review their operations in order to identify relevant ESG issues and assess their materiality based on their impact on the Group's businesses as well as the stakeholders.

PURPOSE, VALUES AND STRATEGY

The Group embraces synergies of two of its principal business segments, namely, the provision of casino management services (operating under its trade name or brand “LT Macau”), and the development, sale and leasing of electronic gaming equipment and systems (operating under its trade name or brand “LT Game”). Such synergies provide the Group with a unique and privileged position in the Macau and overseas gaming markets.

LT Macau has been positioning itself as a casino management service provider focusing on mass market patrons for satellite casinos in Macau. LT Macau sets itself apart from its peers by offering patrons affordable minimum bets which attract a large, diverse and loyal patron base, and achieves a notable edge by leveraging technology to lower its operational costs and increase game efficiency and productivity.

LT Game envisions to take on a leadership role to be one of the worldwide leading gaming equipment and systems suppliers for the development of table game automation and innovative technologies that improve game efficiency and optimise operations with a view of bringing patrons an experience of the perfect harmony of high technology and gaming. LT Game has missions to provide comprehensive solutions in response to the development needs in the future and become a leader in the global gaming equipment market. The Group shall continue to place investments in the innovation and development of electronic gaming equipment and systems.

While our core gaming businesses as mentioned above are no doubt crucial to our growth, we also recognise the importance of seeking diversified expansion of the Group’s business portfolio, thereby expanding the Group’s sources of income and future earning capability, and creating greater value for our Shareholders and other stakeholders. We are delighted to embrace the implementation of the policies and measures adopted or announced by the government in Mainland China with an aim to fulfilling its strategic goals of “Peaking Carbon Emissions” and “Achieving Carbon Neutrality”, to reduce carbon emissions, to increase its intended national contributions in response to climate change, and to promote comprehensive green transformation in economic and social development. To integrate our business strategy into China’s national long-term environmental development plan, the Group has commenced a new business activity of engaging in the supply of smart charging stations and related equipment for E-Vehicles to customers in Mainland China. The Group believes that, given the increasing promotion of the use of innovative and renewable energy and reduction of carbon emissions, there is a potential growing demand for E-Vehicles and related smart charging stations and equipment in Mainland China. The Group plans to invest more in this area to attain the Group’s strategic development goals of becoming a provider of comprehensive solutions to smart charging.

SHAREHOLDERS’ COMMUNICATION POLICY

In March 2022, the Board adopted a shareholders’ communication policy of the Company, details of which are as follows:

The goal of our communication activities is to provide a true and fair view of the Company. As such, the Company has leveraged various channels and platforms to ensure timely release of important messages to enable meaningful dialogues and two-way communication engagement with the Shareholders.

Corporate Governance Report (Continued)

SHAREHOLDERS' COMMUNICATION POLICY (Continued)

General Meetings

The annual general meetings and other general meetings of the Company provide the best opportunity for exchange of views between the Board and the Shareholders who can exercise their right to speak and discuss the business activities of the Company if they are relevant to the resolutions under consideration. The Co-chairmen of the Board will allow relevant debate and questioning between the Board and the Shareholders, enabling a two-way communication in which comments, feedback and views are exchanged.

- The Co-chairmen of the Board will attend the Company's annual general meeting in normal circumstances.
- The Co-chairmen of the Board will invite the chairmen of the committees to attend the general meetings. These persons will, in normal circumstances, be available to answer questions at general meetings.
- At least one independent non-executive Director who is a member of the independent Board committee will be available to answer questions at any general meeting for approval of a connected transaction or any other transaction that is subject to independent Shareholders' approval.
- The independent auditor of the Company will be requested to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.
- For each substantially separate issue at a general meeting, a separate resolution will be proposed by the chairman of that meeting. The Company should avoid "bundling" resolutions unless they are inter-dependent and linked forming one significant proposal. Where the resolutions are "bundled", the Company should explain the reasons and material implications in the notice of meeting.
- The chairman of every general meeting will invite the Shareholders to exercise their right to speak, and question and discuss the business activities of the Company if they are relevant to the resolutions under consideration.
- The notice for every general meeting to Shareholders will be sent in accordance with the requirements of the Bye-Laws.
- The chairman of every general meeting will ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from Shareholders on voting by poll.

Corporate Communication

- Corporate communications are provided to the Shareholders in plain language and in both English and Chinese versions.

Corporate Website

The Company's website (www.hk1180.com) is regularly being updated.

Information released by the Company to the HKEXnews website is also posted on the Company's website. Such information includes but is not limited to consolidated financial statements, results announcements, circulars, notices of general meetings and associated explanatory documents.

SHAREHOLDERS' COMMUNICATION POLICY (Continued)

Communication with the Company

Under the Company's shareholders' communication policy, the Company will take steps to solicit and understand the views of its Shareholders and other stakeholders (including employees, customers, suppliers and investors). Shareholders may, at any time, direct questions, communicate their views on various matters affecting the Company, request for publicly available information and provide comments and suggestions to Directors or management of the Company. Such questions, requests and comments can be addressed to the Company by mail to Unit C, 19th Floor, Entertainment Building, 30 Queen's Road Central, Hong Kong or by email to paradise.ir@hk1180.com.

Shareholders' Privacy

The Company recognises the importance of the Shareholders' privacy and will not disclose the Shareholders' information without their consent, unless required by law to do so.

An annual review of the shareholders' communication policy of the Company for the year ended 31 December 2023 has been conducted. Several communication channels between the Company and the Shareholders are in place and they have been working properly. There is no evidence of inadequate communication between the Company and Shareholders via the aforementioned communication channels. The Board is satisfied with the implementation and effectiveness of the policy.

POLICY ON OBTAINING INDEPENDENT VIEWS AND INPUT

In March 2022, the Board adopted a policy on obtaining independent views and input of the Company, details of which are as follows:

The Board, Board committees or individual Directors may seek such independent professional advice, views and input as considered necessary to fulfill their responsibilities and in exercising independent judgement when making decisions in furtherance of their Directors' duties at the Company's expense (the "Mechanism"). The Mechanism is established to ensure independent views and input are available to the Board and should be disclosed in this Corporate Governance Report.

Independent professional advice shall include legal advice and advice of accountants and other professional financial advisers on matters of law, accounting, tax and other regulatory matters.

Despite having obtained any information or advice from any of the Co-chairmen of the Board and/or any independent professional advisers through the Mechanism, the Directors are expected to exercise independent judgement in forming their decisions.

All Directors are aware of this policy and the Mechanism. An annual review of the Company's policy on obtaining independent views and input for the year ended 31 December 2023 has been conducted. The Board is satisfied with the implementation and effectiveness of the policy.

Corporate Governance Report (Continued)

DIVIDEND POLICY

In December 2018, the Board adopted a dividend policy of the Company, details of which are as follows:

The Board will meet semi-annually to consider and declare interim/final dividends, if any. The Board may also declare special dividends from time to time in addition to the interim/final dividends.

On consideration of any dividend, the Board will take into account the Company's distributable reserves, the Group's performance, liquidity position, expected working capital requirements, future prospects and other factors that the Board deems relevant, provided that payment of proposed dividend will not affect operations of the Group. The declaration and payment of dividend is subject to any applicable restrictions under the laws of Bermuda, the Bye-Laws, the Listing Rules and any applicable laws, rules and regulations.

The Board will review the dividend policy of the Company from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the policy at any time as it deems fit and necessary.

There is no assurance that any particular amount of dividend will be paid for any given period.

NOMINATION POLICY

In December 2018, the Board adopted a nomination policy of the Company which sets out the objectives, selection criteria and nomination process and procedures for the appointment and re-election of Directors. The nomination policy specifies that the Company will nominate suitable candidates to the Board for it to consider and make recommendations to the Shareholders for election of Directors at general meetings, appointment of Directors to fill casual vacancies, Board succession planning considerations and periodical reviews of the plan.

Selection criteria

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate.

- The perspectives, skills and experience that the individual can bring to the Board
- Experience in listed companies, in particular, in the industry relevant to the Group's business
- Commitment in respect of available time
- How the individual contributes to diversity of the Board in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge
- Reputation for integrity

These factors are for reference only, and not exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

NOMINATION POLICY (Continued)

Nomination Process and Procedures

a. Appointment of Directors

- (1) The Nomination Committee identifies individual(s) suitably qualified to become Board members, having due regard to the nomination policy and the board diversity policy of the Company, assesses the independence of the proposed independent non-executive Director(s) as appropriate and makes recommendations to the Board.
- (2) The Remuneration Committee determines the remuneration of executive Directors and make recommendations on the remuneration of independent non-executive Directors to the Board.
- (3) The Board considers the individual(s) recommended by the Nomination Committee, having due regard to the nomination policy and the board diversity policy of the Company and the Listing Rules.
- (4) Where the Board considers the individual(s) suitable, it then confirms the appointment of the individual(s) as Director(s) or recommends the individual(s) to stand for election at a general meeting. Individual(s) appointed by the Board to fill a casual vacancy or as an addition to the Board will be subject to re-election by Shareholders at the next annual general meeting after his/her initial appointment in accordance with the Bye-Laws.
- (5) The Shareholders approve the election of individual(s), who stand(s) for election at general meeting, as Director(s).

b. Re-election of Directors

- (1) The Nomination Committee considers each retiring Director, having due regard to the nomination policy and the board diversity policy of the Company and the Listing Rules, and assesses the independence of each retiring independent non-executive Director.
- (2) The Nomination Committee makes recommendation(s) to the Board.
- (3) The Board considers each retiring Director recommended by the Nomination Committee, having due regard to the nomination policy and the board diversity policy of the Company and the Listing Rules.
- (4) The Board recommends the retiring Directors to stand for re-election at the annual general meeting in accordance with the Bye-Laws.
- (5) The Shareholders approve the re-election of Directors at the annual general meeting.

Corporate Governance Report (Continued)

CHAIRMAN AND MANAGING DIRECTOR

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

During the year ended 31 December 2023, Dr. Chun and Mr. Zhang Jianjun are Co-chairmen of the Board and are responsible for the management of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner. Dr. Chun also serves as the Managing Director of the Company at the same time.

Dr. Chun takes care of the day-to-day management of the Group's business and implements the Group's policies, strategic plans and business goals formulated by the Board. In the opinion of the Board, the roles of the Managing Director and the chief executive officer are the same. Although Dr. Chun is both a Co-chairman of the Board and the Managing Director of the Company, the powers have been shared between the two Co-chairmen and Mr. Zhang Jianjun would also exercise his power and authorities as a Co-chairman of the Board in managing the affairs of the Board and the Company. The Board believes that the present structure provides the Group with strong and consistent leadership and allows for efficient and effective business planning and execution, while the balance of power and authority for the present arrangement has been and is adequately ensured to protect the interests of the Company and the Shareholders by the current Board, which also comprises the Co-chairmen of the Board with professional background and experienced, with sufficient number of independent non-executive Directors that can scrutinise important decisions with their independent judgment and monitor the power exercised by the Co-Chairmen of the Board and the Managing Director of the Company. Hence, the Board believes that it is in the best interest of the Shareholders that Dr. Chun will continue to assume the roles of a Co-Chairman of the Board and the Managing Director of the Company. The Company will review the current structure as and when it becomes appropriate in the future.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has met the requirements of Rules 3.10 and 3.10A of the Listing Rules of having a minimum of three independent non-executive Directors with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise and independent non-executive directors representing at least one-third of the Board.

The Company has received annual confirmation from each independent non-executive Director of his/her independence pursuant to the requirements of Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent in light of the independence guidelines set out in the Listing Rules.

In particular, Mr. Li John Zongyang and Ms. Tang Kiu Sam Alice have served the Board for more than nine years. They have not been and are not involved in the daily management of the Company or in any relationships or circumstances which would interfere with the exercise of their independent judgment. They continue to demonstrate their ability to provide their independent, balanced and objective view to the affairs of the Company. The Company is satisfied that they remain independent notwithstanding the length of their service.

In light of code provision B.2.3 of the CG Code, the Company goes further that election of any Director, including independent non-executive Directors, will be subject to a separate resolution to be approved by the Shareholders at the annual general meeting of the Company regardless of the length of service of the Directors.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

Each newly appointed Director will receive induction on the first occasion of his/her appointment so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules, the CG Code and other regulatory requirements. Dr. Liu Ka Ying Rebecca, who was appointed on 28 March 2023, had obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 10 March 2023, and she has confirmed that she understood her obligations as a Director.

Directors are continually updated on the latest development and changes in the Listing Rules, the CG Code and other regulatory requirements in order to ensure the compliance with the same by the Directors.

During the year ended 31 December 2023, the Directors complied with code provision C.1.4 of the CG Code and all Directors (including Dr. Chun, Mr. Zhang Jianjun, Mr. Shan Shiyong, alias Sin Sai Yung, Mr. Li John Zongyang, Ms. Tang Kiu Sam Alice, Dr. Liu Ka Ying Rebecca (appointed on 28 March 2023) and Mr. Kai-Shing Tao (resigned on 28 March 2023)) received regular briefings, updates, continuous professional development and reading materials on the Group's business/operations/regulatory/corporate governance matters which are relevant to their duties and responsibilities. Directors are also encouraged to participate in professional development courses and seminars to develop and refresh their knowledge and skills. All Directors have provided a record of the training they received during the year ended 31 December 2023 or their tenure of office to the Company.

COMMITTEES

The Board has established three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee to assist the Board in overseeing particular aspects of the Company's affairs. All the Board committees should report to the Board on their decisions and recommendations made. The committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

All Board committees of the Company have been established with written terms of reference which are posted on the websites of the Stock Exchange and the Company.

Audit Committee

The Company has met the requirements of Rule 3.21 of the Listing Rules. The Audit Committee comprised three independent non-executive Directors. Both Mr. Li John Zongyang, the chairman of the Audit Committee, and Dr. Liu Ka Ying Rebecca (appointed on 28 March 2023) possess relevant financial management expertise and meet the requirements of Rule 3.21 of the Listing Rules. None of the members of the Audit Committee is a former partner of the independent auditor of the Company.

The Audit Committee is responsible for reviewing the financial information, statements and reports of the Company, considering any significant or unusual items raised by the financial officers of the Company or the independent auditor of the Company before submission to the Board, reviewing the effectiveness of the financial reporting system, risk management and internal control systems of the Group and maintaining an appropriate relationship with the independent auditor of the Company. The Board did not disagree with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors.

Corporate Governance Report (Continued)

COMMITTEES (Continued)

Audit Committee (Continued)

During the year ended 31 December 2023, the Audit Committee held two meetings. Members of the Audit Committee and the attendance of each member are as follows:

Directors	Number of attendance/meetings
Independent Non-executive Directors:	
Mr. Li John Zongyang (<i>Chairman</i>)	2/2
Ms. Tang Kiu Sam Alice	2/2
Dr. Liu Ka Ying Rebecca (<i>appointed on 28 March 2023</i>)	1/1
Mr. Kai-Shing Tao (<i>resigned on 28 March 2023</i>)	0/1

During the year ended 31 December 2023, the Audit Committee had performed the following duties:

- reviewed with the management and the independent auditor of the Company the audited consolidated financial statements, the annual results announcement and the annual report of the Group for the year ended 31 December 2022, the related accounting principles and practices adopted by the Group with recommendations to the Board for approval, and the relevant audit findings;
- reviewed the continuing connected transactions of the Group carried out during the year ended 31 December 2022;
- recommended the re-appointment of Messrs. Deloitte Touche Tohmatsu as the independent auditor of the Company in the annual general meeting of the Company held on 24 May 2023;
- reviewed with the management and the independent auditor of the Company the unaudited consolidated financial statements, the interim results announcement and the interim report of the Group for the six months ended 30 June 2023 and the related accounting principles and practices adopted by the Group with recommendations to the Board for approval;
- reviewed the nature and scope of the audit of the consolidated financial statements of the Group for the year ended 31 December 2023, the reporting obligations and the work plan of the independent auditor of the Company;
- reviewed and discussed the financial reporting system, risk management and internal control systems of the Group with the management of the Company to ensure that the management of the Company has performed its duty to have effective systems. The review covered all material controls, including financial, operational and compliance controls, and the discussion with the management of the Company regarding adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function, etc.; and
- reviewed the compliance with accounting standards, the Listing Rules, legal and statutory requirements in relation to financial reporting.

COMMITTEES (Continued)

Audit Committee (Continued)

During the year ended 31 December 2023, the Audit Committee met two times with the independent auditor of the Company. The Company has met the requirement of code provision D.3.3(e)(i) of the CG Code, stating that the Audit Committee must meet, at least twice a year, with the independent auditor of the Company.

Remuneration Committee

The Company has met the requirements of Rule 3.25 of the Listing Rules. The Remuneration Committee comprises a majority of independent non-executive Directors and is chaired by Mr. Li John Zongyang, an independent non-executive Director.

The Remuneration Committee is responsible for making recommendations to the Board on, among other things, the Company's policy for the remuneration of all the Directors and the senior management of the Company (by making reference to market rates, their duties and responsibilities within the Group and their experience) and the remuneration of the independent non-executive Directors. The Remuneration Committee is also responsible for reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules (as amended from time to time) according to the revised terms of reference of the Remuneration Committee adopted by the Board on 21 December 2022.

The Remuneration Committee is delegated by the Board with the responsibility to determine on behalf of the Board the remuneration of the executive Directors and the senior management of the Company in accordance with code provision E.1.2(c)(i) of the CG Code.

During the year ended 31 December 2023, the Remuneration Committee held two meetings. Members of the Remuneration Committee and the attendance of each member are as follows:

Directors	Number of attendance/meetings
Executive Director:	
Dr. Chun	2/2
Independent Non-executive Directors:	
Mr. Li John Zongyang (<i>Chairman</i>)	2/2
Ms. Tang Kiu Sam Alice	2/2

During the year ended 31 December 2023, the Remuneration Committee had performed the following duties:

- assessed the performance of the executive Directors and the senior management of the Company;
- considered material matters relating to share schemes under Chapter 17 of the Listing Rules and concluded that there were none; and
- reviewed and determined the terms of service and remuneration of the executive Directors and the senior management of the Company, and made recommendations to the Board on the remuneration of the independent non-executive Directors, including the remuneration of Dr. Liu Ka Ying Rebecca, who was appointed as an independent non-executive Director on 28 March 2023.

Corporate Governance Report (Continued)

COMMITTEES (Continued)

Remuneration Committee (Continued)

Pursuant to code provision E.1.5 of the CG Code, the annual remunerations of the senior management of the Company (including those set out in the “Profile of Directors and Senior Management” of this annual report) by bands for the year ended 31 December 2023 were as follows:

	Number of individuals
HK\$0 to HK\$500,000	1
HK\$1,500,001 to HK\$2,000,000	1
HK\$3,000,001 to HK\$3,500,000	1

Details of the remuneration of each of the Directors for the year ended 31 December 2023 are set out in note 10 to the consolidated financial statements.

Nomination Committee

The Nomination Committee comprises a majority of independent non-executive Directors and is chaired by Dr. Chun.

The Nomination Committee is responsible for determining the policy for the nomination of Directors, reviewing the structure, size, Board diversity and composition (including the skills, knowledge and experience) of the Board regularly and making recommendations to the Board on any proposed changes to complement the Company’s corporate strategy and the board diversity policy. Its duties include identification and nomination of candidates to fill casual vacancies of Directors, and recommendations to the Board on relevant matters relating to the appointment or re-election of Directors and succession planning for Directors, in particular, the Chairman and the chief executive of the Company.

The Board has adopted a board diversity policy of the Company setting out the approach to diversity of members of the Board. The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company’s business. All appointments of Board members will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. The Board has also set measurable objectives to achieve board diversity, which includes (i) the selection of candidates will be based on a range of diversity perspectives/measurable goals, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge, (ii) at least one of the Directors having appropriate professional qualifications or accounting or related financial management expertise, and (iii) at least one Director having intensive experience of the industry on which the business of the Group is engaged in. The ultimate decision will be made upon the merits and contributions that the selected candidates will bring to the Board.

The Board is also committed to having a Board consisting of more than one gender, and this is taken into account in the Director selection process. The Board aims to ensure that there is at least one Director of a different gender on the Board and that this is maintained in accordance with the Listing Rules. During the period from 1 January 2023 to 27 March 2023, the Board included one female Director (Ms. Tang Kiu Sam Alice). Upon and since the appointment of Dr. Liu Ka Ying Rebecca and the resignation of Mr. Kai-Shing Tao as an independent non-executive Director on 28 March 2023, the Board consists of two female Directors and four male Directors. The Board considered that the aforementioned measurable goals in respect of Board diversity have been achieved satisfactorily during the year ended 31 December 2023. An annual review of the board diversity policy of the Company for the year ended 31 December 2023 has been conducted. The Board is satisfied with the implementation and effectiveness of the policy.

COMMITTEES (Continued)

Nomination Committee (Continued)

Gender ratio in the workforce

As at 31 December 2023, the gender ratio of the workforce (including senior management) employed by the Group was 51:49 for male to female. This gender ratio is considered appropriate for the Group's businesses. The Group targets to maintain the gender ratio in the workforce with no single gender comprising more than 70% of the workforce. Meanwhile, the Company does not consider it is necessary to set any plan for achieving gender diversity in the workforce. However, the Company may consider any plan for achieving gender diversity should the need arise.

The Nomination Committee also conducted an annual review of the independence of independent non-executive Directors with consideration of those factors set forth in Rule 3.13 of the Listing Rules before confirming their independence status to the Board. The relevant independent non-executive Directors will abstain from participating in the assessments of their own independence. Particular consideration will be given in assessing the independence of those independent non-executive Directors who have been serving the Board for more than nine years and seeking for re-election in an annual general meeting. Reasons will be given in the circular for the annual general meeting to explain why the Board believes those retiring independent non-executive Directors, especially those who have been serving the Board for more than nine years, if any, are still independent and should be re-elected.

During the year ended 31 December 2023, the Nomination Committee held two meetings. Members of the Nomination Committee and the attendance of each member are as follows:

Directors	Number of attendance/meetings
Executive Director:	
Dr. Chun (<i>Chairman</i>)	2/2
Independent Non-executive Directors:	
Mr. Li John Zongyang	2/2
Ms. Tang Kiu Sam Alice	2/2

During the year ended 31 December 2023, the Nomination Committee had performed the following duties:

- reviewed the structure, size, composition and diversity of the Board to ensure that it has a balance of expertise, skills, experience and diversity of perspective appropriate to the requirements for the business of the Company;
- recommended the resignation of Mr. Kai-Shing Tao as an independent non-executive Director and the appointment of Dr. Liu Ka Ying Rebecca as an independent non-executive Director on 28 March 2023 to the Board for approval;
- recommended the re-election of the retiring Directors at the annual general meeting of the Company held on 24 May 2023; and
- assessed the independence of each independent non-executive Director.

Corporate Governance Report (Continued)

REVIEW OF AUDITED CONSOLIDATED FINANCIAL STATEMENTS BY THE AUDIT COMMITTEE

The Audit Committee has reviewed with the management and the independent auditor of the Company the audited consolidated financial statements of the Group for the year ended 31 December 2023 and the related accounting principles and practices adopted by the Group.

INDEPENDENT AUDITOR AND ITS REMUNERATION

The statement of the independent auditor of the Company about their reporting responsibilities for the Company's consolidated financial statements for the year ended 31 December 2023 is set out in the "Independent Auditor's Report" of this annual report.

The remuneration paid/payable to the independent auditor of the Company for the year ended 31 December 2023 is as follows:

Services rendered for the Group	HK\$'000
Audit services	2,180
Non-audit services: Interim review for the six months ended 30 June 2023	520
	<u>2,700</u>

ACCOUNTABILITY AND AUDIT

The Directors are responsible for the preparation of financial statements, annual and interim reports, inside information announcements and other disclosures which give a true and fair view of the state of affairs, the results of operations and cash flows of the Group in compliance with accounting standards, the Listing Rules, legal and all applicable statutory requirements in relation to financial reporting. The senior management of the Company has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company, which are put to the Board for approval.

In preparation of the consolidated financial statements for the six months ended 30 June 2023 and for the year ended 31 December 2023, the Directors have adopted suitable accounting policies and applied them consistently. The consolidated financial statements for the year ended 31 December 2023 have been prepared on a going concern basis. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

COMPANY SECRETARY

The company secretary of the Company is Mr. Chan Kin Man, who is also the Group's Chief Financial Officer. In compliance with Rule 3.29 of the Listing Rules, Mr. Chan had undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2023.

SHAREHOLDERS' RIGHTS

As one of the measures to safeguard Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the election of individual Directors, for Shareholders' consideration and voting. All resolutions put forward at Shareholders' meetings will be voted by poll pursuant to the Listing Rules and the poll results will be published on the websites of the Stock Exchange and the Company at "www.hkexnews.hk" and "www.hk1180.com", respectively, after the relevant Shareholders' meetings.

Right to Convene Extraordinary General Meeting

Shareholders may request to convene a special general meeting. According to Bye-Law 58 of the Bye-Laws, Shareholders holding as at the date of deposit of the requisition not less than one-tenth (10%) of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require a special general meeting to be convened by the Board for the transaction of any business specified in such requisition, and such meeting shall be held within two months after the deposit of such requisition. If the Board fails to proceed to convene such meeting within twenty-one days after such deposit, the requisitionists themselves may do so in accordance with the provisions of Section 74 of the Companies Act 1981 of Bermuda.

Right to Put Enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post, together with his/her contact details, such as postal address, email or fax, to the principal place of business of the Company in Hong Kong for the attention of the company secretary of the Company.

Right to Put Forward Proposals at General Meetings

Shareholders may put forward proposals at general meetings of the Company by sending the same to the principal place of business of the Company in Hong Kong, specifying his/her information, contact details and the proposal(s) he/she intends to put forward at the general meeting regarding any specified transaction/business and the supporting documents.

Corporate Governance Report (Continued)

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with the Shareholders and its investors is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognises the importance of transparent and timely disclosure of corporate information, which enables the Shareholders and its investors to make the best investment decision.

The Company maintains a website at "www.hk1180.com" as a communication platform with the Shareholders and its investors, where annual reports, interim reports, announcements and updates on the Company's business developments and operations and other information are available. Shareholders and investors may send written enquiries or requests to the Company as follows:

Address: Unit C, 19th Floor, Entertainment Building, 30 Queen's Road Central, Hong Kong
Fax: (852) 2620 6000
Email: paradise.ir@hk1180.com

The Company continues to enhance communications and relationships with the Shareholders and its investors. Designated senior management of the Company maintains regular dialogue with institutional investors and analysts to keep them posted of the Company's developments. Enquiries from the Shareholders and the investors of the Company are dealt with in an informative and timely manner.

Besides, Shareholders' meetings provide an opportunity for communication between the Board and the Shareholders. Board members and appropriate senior staff of the Group are available at the meeting to answer any questions raised by the Shareholders.

MEMORANDUM OF ASSOCIATION AND BYE-LAWS OF THE COMPANY

During the year ended 31 December 2023, no amendment was made to the Memorandum of Association and Bye-Laws of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is their responsibility to ensure that the Company establishes and maintains appropriate and effective risk management and internal control systems (the "Systems") and review their effectiveness. Such risks would include, amongst others, material risks relating to ESG. The Systems are designed to manage rather than eliminate risks of failure to achieve business objectives, and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

The control structure of the Group is as follows:

- | | |
|---|---|
| The Board | <ul style="list-style-type: none">• ensures the maintenance of appropriate and effective Systems in order to safeguard the Shareholders' investment and assets of the Group;• defines management structure with clear lines of responsibility and limit of authority; and• determines the nature and extent of significant risk that the Company is willing to take in achieving the strategic objectives and formulates the Group's risk management strategies. |
| The Audit Committee | <ul style="list-style-type: none">• oversees the Systems of the Group;• reviews and discusses with the management of the Company at least annually to ensure that the management of the Company has performed its duty to have the effective Systems; and• considers major findings on internal control matters and makes recommendations to the Board. |
| The management of the Company (includes heads of business units, departments and divisions) | <ul style="list-style-type: none">• designs, implements and monitors the Systems properly and ensure the Systems are executed effectively;• monitors risk and takes measures to mitigate risks in day-to-day operations;• gives prompt responses to and follows up the findings on internal control matters raised by internal auditor (if any) or the independent auditor; and• provides confirmation to the Board on the effectiveness of the Systems. |

In addition, the Group has engaged an independent professional firm to perform certain agreed-upon procedures to assist the Board in reviewing the Group's internal control systems and compliance.

Risk Management

The risk management process includes risk identification, risk evaluation, risk management measures and risk control and review. Risks include, among others, ESG risks.

The management of the Company is entrusted with duties to identify, analyse, evaluate, respond, monitor and communicate risks associated with any activity, function or process within its scope of responsibility and authority. It endeavours to evaluate and compare the level of risk against predetermined acceptable levels of risk. For risk control and monitoring, it involves making decisions regarding which risks are acceptable and how to address those that are not. The management of the Company will develop contingency plans for possible loss scenarios. Accidents and other situations involving loss or near-loss will be investigated and properly documented as part of the effort to manage risks.

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Principal Risks and Uncertainties

Based on a well-defined structure with clear roles, functions, responsibilities, authorities and reporting system for all major operating units of the Group, all department heads are responsible for and are familiar with their daily operations and the corresponding operational, financial and business risks. The EHS Team is also responsible for reviewing the Group's Systems on regular basis. By meeting with the department heads, certain risks and uncertainties of the Group have been identified and assessed by the EHS Team. The Group believes that the factors described below represent the principal risks and uncertainties which may potentially affect its business, financial conditions, operations, and future prospects of the business. It does not represent that the factors described below are exhaustive. Such principal risks and uncertainties and their respective key strategies/control measures are set out below:

- (a) Adverse changes and volatility in economic conditions globally, outbreak of highly infectious diseases and adverse changes in laws, rules and regulations and policies and practices implemented by the governments of the relevant countries and regions which would have an adverse impact on the gaming and travel related activities in Macau and the demand for the electronic gaming equipment and systems of the Group in the relevant countries and regions (in particular, Macau and U.S.).

The Group's control measures are as follows:

- To stay alert to changes in economic and public health conditions globally and changes in laws, rules and regulations and policies and practices, and to adjust business strategic plans to cope with these changes;
 - To expand the Group's business and to broaden the gaming patron base; and
 - To control expenses and manpower and to re-allocate resources in an efficient manner without affecting the quality of the Group's products and services.
- (b) Ever increasing competition in the gaming industry, in particular (i) due to the opening of more casinos and the upgrading of existing casinos by competitors (as well as increasing number of gaming tables and machines at existing casinos) in Macau and other Asian countries (e.g., the Philippines, Malaysia, Singapore, Vietnam and Cambodia); and (ii) from other gaming equipment and systems suppliers globally.

The Group's control measures are as follows:

- To expand the Group's business and to broaden the gaming patron base;
- To improve marketing strategy and enhance promotions and publicities from time to time in order to encourage existing gaming patrons to come back to the casino under the Group's management and attract new patrons from around the world; and
- To be responsive to the feedbacks of its customers on the electronic gaming equipment and systems sold or leased and to customise its electronic gaming equipment and systems according to the specific needs of its customers.

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Principal Risks and Uncertainties (Continued)

- (c) Reliance on the concession contract between the Macau government and SJM Resorts (pursuant to which Casino Kam Pek Paradise is licensed for operation) and the existing service agreement between SJM Resorts and the Group whereby the Group provides casino management services at Casino Kam Pek Paradise. In December 2022, SJM Resorts was awarded a new gaming concession by the Macau government for a ten-year period commencing on 1 January 2023, and on 30 December 2022, the Group entered into a new service contract with SJM Resorts for the provision of casino management services in Casino Kam Pek Paradise for the period from 1 January 2023 to 31 December 2025. There is possibility of termination/non-renewal of, or unfavourable changes in the terms of, the concession contract and/or the services agreement for whatever reasons.

The Group's control measures are as follows:

- To stay alert to changes in laws, rules and regulations and policies and practices, and to adjust business strategic plans to cope with these changes; and
 - To keep close communications with SJM Resorts in this respect.
- (d) The possible infringement of patents and other intellectual property of the Group (collectively the "IPs") by competitors and third parties, the expiry of the IPs (whereby competitors and third parties are no longer prohibited from using the IPs), and the fast-changing technology rendering the IPs obsolete, which may result in a decrease in the value of the IPs and thereby a decrease in demand of the related electronic gaming equipment and systems of the Group (collectively the "Gaming Products"). High popularity of the Gaming Products in Macau does not mean the same level of popularity in other countries and regions.

The Group's control measures are as follows:

- To monitor any infringement of the IPs and to take appropriate actions to protect the Group's interest;
 - To continuously invest in research and development to keep pace with the fast-changing technology; and
 - To modify the Gaming Products and to launch more new products to meet the preference of gaming patrons in other countries and regions.
- (e) Hacking, software and hardware errors and fraudulent manipulation of the Gaming Products, which may have an adverse impact on the reputation and profitability of the Group.

The Group's control measure is as follows:

- To monitor and improve the built-in computerised features of the Gaming Products whenever necessary in order to safeguard against the risks of human errors and fraud.

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Principal Risks and Uncertainties (Continued)

- (f) Failure to attract, retain and motivate key employees and consultants of the Group, in particular qualified executives with vast knowledge, experience and connections in the gaming industry and those for inventing new patents and technology.

The Group's control measures are as follows:

- To offer competitive remuneration packages for the suitable candidates identified; and
 - To offer share options and share awards in the Shares to those key employees and consultants of the Group as and when the Board deems appropriate.
- (g) No control over the performance of business partners, in particular original equipment manufacturers ("OEM") for the manufacture of the Gaming Products and IGT for the distribution of the Gaming Products around the world (except Macau), which may have an adverse impact on the quality, production capacity availability and delivery schedules of the Gaming Products.

The Group's control measure is as follows:

- To work closely with OEM and IGT such that the Group can detect any problems at the earliest instance and adopt remedial measures promptly.
- (h) Capital risks and financial risks as set out in notes 38 and 39 to the consolidated financial statements, respectively.

The Group's control measure is as follows:

- To stay alert to such risks and to adjust business strategic plans to cope with such risks.

Internal Control

The Board acknowledges that the management of the Company has been progressively implementing an adequate internal control system to ensure the effective functioning of the Group's operational, financial and compliance areas, including the following key measures, policies and procedures:

- (a) Financial reporting management:
- Proper controls are in place for the recording of complete, accurate and timely accounting and management information;
 - Regular reports on revenue and debtors' ageing and internal financial reports are prepared to the management of the Company which give a balanced and understandable assessment of the Group's financial performance;
 - Timely updates on internal financial statements are provided to the Directors which give a balanced and understandable assessment of the Group's performance, position and prospects with sufficient details; and
 - Annual audit is carried out by the independent auditor of the Company to ensure that the annual consolidated financial statements are prepared in accordance with generally accepted accounting principles, the Group's accounting policies and the applicable laws and regulations.

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Internal Control (Continued)

- (b) Systems and procedures on handling and disclosure of inside information: It is to ensure, with the assistance of an internal work team (if required), that any material information which comes to the knowledge of any one or more officers should be promptly identified, assessed and escalated (where appropriate) for the attention of the Board and, where required, disclosed to the public in a timely manner in accordance with the Listing Rules and the SFO.
- (c) Policies and practices on compliance with legal and regulatory requirements: It shall be reviewed and monitored regularly by the Board.
- (d) Continuing connected transactions: The Audit Committee shall monitor, control and review continuing connected transactions of the Company regularly and ensure proper compliance with the Listing Rules and all other relevant laws and regulations from time to time.

The Group does not have an internal audit department as it has engaged an independent third-party professional firm to perform such function. During the year ended 31 December 2023, the Group had engaged Annie Chan & Associates Limited to perform certain agreed-upon procedures to assist the Board and the Audit Committee in reviewing a specific area of the Group's internal control systems, risk and compliance. An internal control review report was issued by Anne Chan & Associates Limited to the Group in March 2024. Certain recommendations were suggested in the report and were followed by the Group.

The Board and the Audit Committee review the Group's Systems on an annual basis. The Board and the Audit Committee are satisfied with the current practice of engaging Annie Chan & Associates Limited and its performance in reviewing the Group's Systems. Accordingly, the Board and the Audit Committee do not consider an internal audit department is needed. However, the Board and the Audit Committee will review the need for setting up the Group's own internal audit department annually.

During the year ended 31 December 2023, the Board and the Audit Committee reviewed the Group's Systems and were not aware of any material risks, deficiencies and issues that would have an adverse impact on the effectiveness and adequacy of the Systems and the operations of the Group. The Board and the Audit Committee considered the Group's Systems effective and adequate.

In addition, the Audit Committee has reviewed and is satisfied with the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Group's ESG performance and reporting.

Environmental, Social and Governance Report

In accordance with the requirements set forth in Appendix C2 — Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) to the Listing Rules, the Group hereby presents this ESG Report for the year ended 31 December 2023. Corporate governance matters are addressed in greater detail in the Corporate Governance Report of this annual report. Except for the provisions that the Group considers are inapplicable to its operations, for which explanations have been given below, this ESG Report has complied with all the mandatory disclosure requirements and the “Comply or Explain” provisions set out in the ESG Reporting Guide. It is recommended that this ESG Report should be read together with other sections of this annual report, in particular the Corporate Governance Report and the Directors’ Report.

REPORTING PERIOD

This ESG Report covers the ESG activities, challenges and measures taken by the Group for the period from 1 January 2023 to 31 December 2023 (the “Reporting Period”).

REPORTING BOUNDARIES

This ESG Report outlines the ESG policies, initiatives and performance of the Group for the Reporting Period. The scope of reporting covers our operations in Casino Kam Pek Paradise, being the casino under the Group’s management in Macau, in which the Group has financial significance and operational influence. Accordingly, the key performance indicators (“KPIs”), including the comparative figures, disclosed in this ESG Report cover Casino Kam Pek Paradise only, unless otherwise specifically stated. In particular for calculation of certain employee-related KPIs, employees employed by SJM Resorts to work for Casino Kam Pek Paradise (whose remunerations were paid by SJM Resorts and fully reimbursed by the Group to SJM Resorts) are excluded. There has been no change in the scope of reporting during the Reporting Period.

ESG GOVERNANCE STRUCTURE

The Group is of the belief that good and effective ESG measures are important to the sustainable development of our business and of our community. The Board retains the overall responsibility for the formulation, implementation and reporting of the Group’s ESG strategies and for the oversight of the relevant ESG issues. The Board is also responsible for evaluating the impacts of ESG risks and opportunities taking into account the Group’s long-term business objectives and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

The EHS Team has been established to manage policies and procedures that drive environmental protection initiatives and responsible stewardship of local resources for the Group’s operations. The EHS Team is comprised of senior management from different business functions. The EHS Team members have equipped with updated knowledge on ESG related issues. The EHS Team reports to the Board directly and is responsible for monitoring the Group’s policies, programmes, and performances relating to ESG issues. The EHS Team also sets ESG performance targets at the management level in order to assist the Board in evaluating the effectiveness of its ESG strategy and measures. The Group aspires to create long-term value for our stakeholders that is in line with the sustainable and responsible growth of our business, and the Group believes that transparency and accountability are important foundations for building trust with our stakeholders. The EHS Team members strive to maintain an open and transparent dialogue with various stakeholders including employees, customers, suppliers, Shareholders, investors, media and local communities for the purpose of conducting ESG evaluation and materiality assessments, both internal and external. The EHS Team members will, if they think fit, engage our key stakeholders on a regular basis across various platforms, such as meetings, interviews, surveys and workshops to gauge their expectations and feedback on how we could address ESG issues in the best manner. For instance, the EHS Team members target to meet the employees from different departments to drive implementation, review their operations in order to identify relevant ESG issues and assess their materiality based on their impact on our businesses as well as the stakeholders.

ESG GOVERNANCE STRUCTURE (Continued)

Based on the inputs of our key stakeholders, the EHS Team prioritises various aspects relating to environmental discharges, use of resources, employment and labour standards, operating practices and community investment. Key initiatives and measures about the management approach and strategy adopted by the Group are further discussed in below sections headed “Stakeholders Engagement” and “Materiality Assessment” of this ESG Report. ESG performance is measured, reviewed and reported to the Board in written form at Board meetings on annual basis.

To ensure the Board keeps up with the latest trend of ESG requirements, updated training materials are provided to Directors in order to ensure the Board has the necessary expertise and skills to oversee the management of ESG-related issues and requirements.

RESULTS OF THE BOARD’S REVIEW OF ESG-RELATED GOALS

This Board is satisfied with the performance of the Group in striving for ESG-related goals, especially those goals set for those environmental KPIs. The Board has confidence that there is no need to amend the goals in the future. More details of ESG-related performance and goals are disclosed in the sections below.

REPORTING PRINCIPLES

This ESG Report has been prepared in accordance with the three reporting principles set forth in the ESG Reporting Guide as follows:

- Materiality:** The Group regularly communicates with both internal and external stakeholders to better understand their concerns relating to sustainability issues that affect them and to address their concerns where possible. Regular references are made to peers, local and regional sustainability criteria which help to improve sustainability context, materiality and disclosures. Please refer to the section headed “Materiality Assessment” below for details in relation to materiality assessment. The Group values stakeholders engagement as it provides valuable input which contributes to steering the Group’s development in the ESG aspects. For more information on stakeholders engagement, please refer to the section headed “Stakeholders Engagement” below.
- Quantitative:** In accordance with the ESG Reporting Guide, the Group disclosed certain applicable KPIs (which serve as quantitative indicators) in the section headed “Environmental” in this ESG Report.
- Consistency:** The Group adopts consistent methodology for the assessment of the KPIs in accordance with the ESG Reporting Guide to achieve a comparison of ESG performances over time whenever practicable. In this connection, there has been no change to the methods or KPIs used or any other relevant factors affecting the comparison of this ESG Report with the Group’s ESG report for the year ended 31 December 2022.

STAKEHOLDERS ENGAGEMENT

The Group recognises the importance of engagement with its stakeholders, both internal and external, and considers their input key to the sustainable development of the Group. The Group believes that the feedback from the stakeholders not only facilitates a comprehensive assessment of its ESG performance but also helps improve the Group's performance accordingly. Engagement with our key stakeholders (including our Shareholders, business partners, suppliers, service providers, employees, casino patrons, customers and the community, etc.) on an ongoing basis provides an opportunity for the Group to understand their concerns. This will in turn drive our business development initiatives in the right direction and make our operations sustainable. The Group considers our key stakeholders as valued partners and has set up strategic and collaborative business relationships to better understand their respective needs. Accordingly, the Group has maintained effective communication and interaction with our stakeholders in an open, efficient and positive manner in areas of common goals or concerns through various channels which have been described in the table below, and will continue to maintain its communications with the stakeholders for the purpose of improving its ESG approaches and strategies.

Stakeholders	Communication Channels	Areas of Common Goals/Concerns
Shareholders	<ul style="list-style-type: none"> • General meetings • Results announcements, annual reports and ESG reports • Company's website • Direct communication 	<ul style="list-style-type: none"> • Business development and financial performance of the Group • Information on ESG matters • Corporate governance matters • Profitability of the Group
Business partners, suppliers and service providers	<ul style="list-style-type: none"> • Meetings/conferences/emails/telephone calls • Site visits 	<ul style="list-style-type: none"> • Supply chain management • Procurement procedures • Monitoring project progress and development • Assessment and reviews
Employees	<ul style="list-style-type: none"> • Direct communications and regular discussions with superiors • Team building activities 	<ul style="list-style-type: none"> • Remuneration and career advancement • Occupational health and safety • Training and professional development
Customers and casino patrons	<ul style="list-style-type: none"> • Customer satisfaction survey • Interactions and open ways of communication including providing customer service centres 	<ul style="list-style-type: none"> • Quality and efficiency of customer services • Promoting responsible gaming • Promoting awareness of problem gaming
Community	<ul style="list-style-type: none"> • Company's website • Organising/participating charitable activities • Staff recruitment activities 	<ul style="list-style-type: none"> • Supporting charitable organisations and activities • Job creation

Through our communication channels with the stakeholders, we map out and prioritise our ESG issues and enhance our understanding of the views and expectations of our stakeholders enabling us to better assess and manage the impact of our activities on the stakeholders.

MATERIALITY ASSESSMENT

To prioritise relevant sustainability areas that would have a material impact on the Group's operations and reputation, the Group has adopted a three-step process to conduct materiality assessment as more described below.

Step 1: Identification

Through industry research and with reference to the ESG Reporting Guide, the Group has identified a list of sustainability issues relevant to the Group's business operations for the Reporting Period.

Step 2: Prioritisation

Ranking the identified topics by reference to the respective level of interest, risk and importance to the Group through stakeholders engagement and generating a list of prioritised material topics based on the Group's understanding of the stakeholders' concerns and requirements as a result of stakeholders engagement.

Step 3: Validation

The Board has regularly reviewed, validated and endorsed the list of material sustainability topics to ensure that they are relevant and material to the Group for further action and disclosure as appropriate. For instance, during the outbreak of the global pandemic raising public awareness on health issues, the Group implemented various preventive and safety measures on Casino Kam Pek Paradise upon discussion with the key stakeholders, in compliance with the then prevailing anti-Covid-19 requirements and social distancing rules.

After discussion with the key stakeholders, the EHS Team has prepared a materiality matrix for the purpose of materiality assessment. The result of the materiality assessment advises the Group that material ESG issues of Casino Kam Pek Paradise are as follows:

- Employment
- Labour standards
- Development and training
- Health and safety
- Anti-corruption
- Responsible gaming
- Data privacy
- Emissions

These material ESG issues will be discussed in this ESG Report. Looking forward, the Board will review the Group's strategic planning and performance from time to time. The Board also sets out (and where necessary revises) ESG goals and targets based on relevant KPIs, reviews the progress of ESG-related goals and targets performance at Board meetings on annual basis, strives to provide a supportive environment, and incorporates ESG initiatives into the Group's strategy in order to reduce the adverse impact of its activities on the environment.

A. ENVIRONMENTAL

As the Group does not operate any manufacturing factories, the Group does not impose significant impacts on the environment due to the minimal activities undertaken. The Group's main emissions, being greenhouse gas emissions and wastes produced, are primarily attributable to its use of resources in terms of electricity, water and paper during daily operation. The Group has established environmental policies aiming to lessen its impact on the environment and natural resources by using its resources more efficiently, and by monitoring and minimising its energy consumption and thereby reducing emissions as much as possible. The Group does not anticipate any material risks in its operations in respect of environmental protection concerns. The Group's environmental policies cover material environmental issues including emissions, use of resources and other environmental impacts, and are further described in the sections below in respect of Casino Kam Pek Paradise. The Group has complied with relevant environmental laws and regulations in Macau relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, where applicable, and did not note any cases of material non-compliance during the year ended 31 December 2023.

A1 Emissions

A1.1 Air Emissions

Emissions Data from Gaseous Fuel Consumption

As the Group is principally engaged in the provision of casino management services as well as the development, sale and leasing of electronic gaming equipment and systems, consumption of towngas and liquefied petroleum gas in the operation of Casino Kam Pek Paradise are considered to be insignificant. Accordingly, emission data in this respect is not provided in this ESG Report.

Emissions Data from Vehicles

Air emissions from operations of Casino Kam Pek Paradise are mainly generated from vehicles. In order to improve air quality, the Group aims to reduce air emissions generated from its operations. Considering that Casino Kam Pek Paradise locates in the city of the Macau Peninsula, where is supported by a good network of public transport facilities with close proximity, it currently provides shuttle bus services on a requested basis instead of regular basis, for instance, between border gates and the casino. For the purpose of compliance with the disclosure requirements under the ESG Reporting Guide, details of air emissions data for the years ended 31 December 2023 and 31 December 2022 in respect of Casino Kam Pek Paradise are as follows:

Type of emissions	Unit	2023	2022
Nitrogen oxides (NO _x)	Kg	24	18
Sulphur oxides (SO _x)	Kg	1	1
Particulate matter (PM)	Kg	2	1
Total emissions	Kg	27	20
Emissions per sq. ft.	Kg/sq. ft.	0.0002	0.0001

Remark: The emissions data shown and emission factors applied in this ESG Report are provided with reference to the emission factors set out in the document known as "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" which is available on the website of the Stock Exchange (the "HKEX Guidance Document") and relevant emission factors in Macau.

A. ENVIRONMENTAL (Continued)

A1 Emissions (Continued)

A1.1 Air Emissions (Continued)

Emissions Data from Vehicles (Continued)

For the year ended 31 December 2023, air emissions from the vehicles of Casino Kam Pek Paradise increased by 35.0% when compared with that of 2022. The increase was mainly due to the increase in patrons visiting Casino Kam Pek Paradise. As entry quotas were lifted in February 2023, cross-border travel between Mainland China, Hong Kong and Macau has fully resumed. It has contributed to the increase in arrivals to Macau and the increase in the number of patrons visiting the Casino Kam Pek Paradise during the year ended 31 December 2023. By the year ending 31 December 2024, the Group's target is to maintain, or if possible, reduce air emissions of Casino Kam Pek Paradise to a level similar to that before the outbreak of the Covid-19 pandemic.

A1.2 Greenhouse Gas Emissions

With reference to the HKEX Guidance Document, greenhouse gas ("GHG") emissions (direct and indirect) can be broadly classified into the following separate scopes:

- Scope 1 — Direct emissions from operations that are owned or controlled by the Group. The main source of direct emission of Casino Kam Pek Paradise is consumption of gasoline and diesel by the vehicles controlled by the Group;
- Scope 2 — Energy indirect emissions resulting from the electricity purchased; and
- Scope 3 — Other indirect emissions that occur outside Casino Kam Pek Paradise, including upstream and downstream emissions.

The main sources of GHG emissions arising from our business activities in respect of Casino Kam Pek Paradise for the year ended 31 December 2023 are the consumption of gasoline, diesel and electricity purchased from power companies. As the Group is principally engaged in the provision of casino management services as well as the development, sale and leasing of electronic gaming equipment and systems, other indirect emissions under Scope 3 that occur outside the Group are considered to be insignificant and accordingly, emission data under Scope 3 is not provided in this ESG Report.

Environmental, Social and Governance Report (Continued)

A. ENVIRONMENTAL (Continued)

A1 Emissions (Continued)

A1.2 Greenhouse Gas Emissions (Continued)

GHG emission data, measured in terms of carbon dioxide equivalent (“CO₂e”), of Casino Kam Pek Paradise for the years ended 31 December 2023 and 31 December 2022 are as follows:

		Unit	2023	2022
Scope 1	Gasoline and diesel consumed by vehicles	Ton	117	87
Scope 2	Electricity purchased	Ton	3,723	3,847
	Total emissions	Ton	3,840	3,934
	Emissions per sq. ft.	Kg/sq. ft.	29.5	29.4

Scope 1 emissions of Casino Kam Pek Paradise increased by 34.5% and Scope 2 emissions of Casino Kam Pek Paradise decreased by 3.2% for the year ended 31 December 2023 when compared with that of 2022. The increase in Scope 1 emission was caused by the increase in gasoline and diesel consumed by vehicles which in turn was due to the increase in patrons visiting the Casino Kam Pek Paradise. As entry quotas were lifted in February 2023, cross-border travel between Mainland China, Hong Kong and Macau has fully resumed. It has contributed to the increase in arrivals to Macau and the increase in the number of patrons visiting the Casino Kam Pek Paradise during the year ended 31 December 2023. The decrease in Scope 2 emission was due to decrease in electricity purchased by Casino Kam Pek Paradise in 2023 which in turn was due to the effort of the Group to minimise energy consumption to save its operating costs. Total emissions decreased by 2.4% for the year ended 31 December 2023 when compared with that of 2022. By the year ending 31 December 2024, the Group’s target is to maintain or, if possible, reduce the GHG emissions of Casino Kam Pek Paradise to a level similar to that before the outbreak of the Covid-19 pandemic.

The intensity (emissions per square foot) has no significant change in 2023 when compared with that of 2022.

A1.3 Hazardous Waste

Since the Group is principally engaged in the provision of casino management services as well as the development, sale and leasing of electronic gaming equipment and systems, no significant hazardous wastes and pollutants such as hazardous chemicals are discharged due to its business nature and accordingly, data on hazardous waste is not provided in this ESG Report.

A1.4 Non-hazardous Waste

In view of the principal business operations of Casino Kam Pek Paradise and also the measures adopted by the Group to mitigate non-hazardous waste as further described in Section A1.6 below, non-hazardous wastes produced such as paper waste and water waste are considered to be insignificant. Accordingly, data on non-hazardous waste is not provided in this ESG Report.

A. ENVIRONMENTAL (Continued)

A1 Emissions (Continued)

A1.5 Measures to Mitigate Emissions

The main source of emissions of Casino Kam Pek Paradise is the use of energy. The Group is committed to reducing our emissions through our resource efficiency initiatives wherever possible. For instance, the Group notes that the carbon footprint produced by business trips shall increase GHG emissions although its impact is not significant as far as the business of the Group is concerned. As part of the Group's green policy, employees of the Group are encouraged to reduce and minimise business trips unless they are strictly necessary. Audio or video conferencing facilities are installed in the offices and certain meetings by means of audio or video conferences have been conducted in lieu of physical conferences. The Group has also adopted various energy-saving initiatives to reduce emissions. Please refer to the Section A2 "Use of Resources" below for details.

A1.6 Measures to Mitigate Non-hazardous Waste

The Group, including Casino Kam Pek Paradise, has managed to keep its level of non-hazardous waste low as a result of the Group's policy of reducing waste. In order to reduce paper waste, the Group advocates the policy "Reduce, Reuse and Recycle", and encourages its staff to reduce paper usage and recycle paper waste where possible. For example, the use of recycled paper and double-sided printing and photo-copying are adopted and publications of the Group, including the Group's Interim Report 2023 and Annual Report 2022, etc., were made of papers certified by the Forest Stewardship Council. Moreover, waste toner cartridges are recycled. Paperless approval processes and paperless meetings are adopted to reduce the use of photocopy papers where applicable. On the other hand, in order to reduce waste of plastic bottles (from bottles of distilled water provided to casino patrons), there are water bars in Casino Kam Pek Paradise where hot water, distilled water dispensers and reusable metallic cups are provided to casino patrons. Since the adoption of water bars, waste plastic bottles have been reduced drastically. By the year ending 31 December 2024, we target to maintain or, if possible, reduce the non-hazardous waste of Casino Kam Pek Paradise to such a similar level before the outbreak of the Covid-19 pandemic, assuming Macau would recover generally from the pandemic.

Environmental, Social and Governance Report (Continued)

A. ENVIRONMENTAL (Continued)

A2 Use of Resources

A2.1 Energy Consumption

Details of energy consumed directly (gasoline and diesel) and indirectly (electricity purchased) by Casino Kam Pek Paradise for the years ended 31 December 2023 and 31 December 2022 are as follows:

Type	Unit	2023	2022
Consumption:			
Gasoline	Litre	41,478	30,267
Diesel	Litre	1,862	1,856
Electricity purchased	Kwh	10,253,066	10,595,229
Intensity:			
Gasoline	Litre/sq. ft.	0.32	0.23
Diesel	Litre/sq. ft.	0.01	0.01
Electricity purchased	Kwh/sq. ft.	78.8	79.0

Consumption of gasoline and diesel by Casino Kam Pek Paradise increased by 37.0% and 0.3%, respectively, in 2023 when compared with that of 2022. The increase in consumption of gasoline and diesel and also the relevant intensity of Casino Kam Pek Paradise in 2023 was mainly due to the increase in patrons visiting the Casino Kam Pek Paradise. As entry quotas were lifted in February 2023, cross-border travel between Mainland China, Hong Kong and Macau has fully resumed. It has contributed to the increase in arrivals to Macau and the increase in the number of patrons visiting the Casino Kam Pek Paradise during the year ended 31 December 2023. The quantity of electricity purchased decreased by 3.2% in 2023 when compared with that of 2022. The decrease in quantity of electricity purchased was due to the effort of the Group to minimise energy consumption to save its operating costs. By the year ending 31 December 2024, we target to maintain or, if possible, reduce the consumption of gasoline, diesel and electricity of Casino Kam Pek Paradise to a level similar to that before the outbreak of the Covid-19 pandemic.

The intensity of electricity purchased decreased by 0.3% which is less than the rate of decrease in quantity of electricity purchased of 3.2%, because of the decrease in floor area occupied by Casino Kam Pek Paradise during the year ended 31 December 2023 when compared with that of 2022.

A. ENVIRONMENTAL (Continued)

A2 Use of Resources (Continued)

A2.2 Water Consumption

Water consumed by Casino Kam Pek Paradise for the years ended 31 December 2023 and 31 December 2022 is as follows:

	Unit	2023	2022
Water consumed	M ³	348.3	190.4
Intensity of water consumed	M ³ /sq. ft.	0.003	0.001

Compared with 2022, the consumption of water in Casino Kam Pek Paradise in 2023 increased by 82.9%. The increase in consumption of water was mainly due to the increase in patrons visiting the Casino Kam Pek Paradise. As entry quotas were lifted in February 2023, cross-border travel between Mainland China, Hong Kong and Macau has fully resumed. It has contributed to the increase in arrivals to Macau and the increase in the number of patrons visiting the Casino Kam Pek Paradise during the year ended 31 December 2023. By the year ending 31 December 2024, we target to maintain or, if possible, reduce the water consumption of Casino Kam Pek Paradise to a level similar to that before the outbreak of the Covid-19 pandemic.

A2.3 & A2.4 Energy and Water Efficiency Initiatives

To reduce the Group's negative impact on the environment, the Group sets out policy for effective use of resources in order to protect the environment and make its business operations more cost-efficient. The Group has implemented green office practices in order to minimise the use of resources like paper, electricity and water, wherever possible.

The Group's green measures include double-sided printing, the use of energy-saving lightings such as light-emitting diode ("LED") lightings both on the sign boards and at Casino Kam Pek Paradise, and reducing energy consumption by switching off idle lightings, computers and electrical appliances, etc. In order to save electricity consumed, the indoor temperature in Casino Kam Pek Paradise is maintained at reasonable level in order to avoid over usage of air-conditioning and electricity. Moreover, labels reminding employees to save energy are placed close to the switches.

In order to reduce consumption of paper, collection boxes have been put in place to collect single-side used paper for reuse as draft paper and other scrap paper for recycling. Staff are reminded of the necessity in email communications before printing out in hard copies to reduce unnecessary paper usage. Moreover, paperless approval processes are adopted for the purpose of reducing use of paper.

In order to reduce consumption of water, the data on water consumption pattern in respect of Casino Kam Pek Paradise were collected and analysed. Thereafter, water bars are installed in the Casino Kam Pek Paradise where hot water, distilled water dispenser and reusable metallic cups are provided to casino patrons. Under such arrangement, water is consumed by casino patrons on an as-needed basis by the adoption of water bars, as opposed to constraining casino patrons' consumption of bottled water which may be beyond their needs. As a result, consumption of water has been reduced drastically thereafter.

A. ENVIRONMENTAL (Continued)

A2 Use of Resources (Continued)

A2.3 & A2.4 Energy and Water Efficiency Initiatives (Continued)

Since there are no rivers within the territory of Macau, where Casino Kam Pek Paradise operates, the facilities of rainwater storage are very limited. The main source of water in Macau is supplied from Zhuhai, with Xijiang River as the source. The water source in Macau is generally considered to be in low risk of lack of potable water supply. Casino Kam Pek Paradise did not have any material concerns with respect to sourcing potable water we require for our operations during the year ended 31 December 2023.

By the year ending 31 December 2024, we target to maintain or, if possible, reduce the consumption of gasoline, diesel, electricity, water and emissions of the Group including Casino Kam Pek Paradise to a level similar to that before the outbreak of the Covid-19 pandemic.

A2.5 Packaging Material

In view of the business nature of Casino Kam Pek Paradise being mainly the provision of casino management services, the packaging material used for finished products is considered to be insignificant and accordingly, data on packaging material is not provided in this ESG Report.

A3 The Environment and Natural Resources

The Group recognises the responsibility in managing the Group's impact on the environment. For this reason, the Group has adopted series of initiatives as set out above in order to minimise emissions and consumption of energy and resources. The Group closely monitors the utilisation of resources and shall take appropriate actions to seek opportunities for increasing operating efficiency in order to reduce the consumption of non-renewable resources where possible. The Group shall assess the environmental risks of its operations and ensure its compliance with relevant laws and regulations in Macau from time to time. During the year ended 31 December 2023, the Group did not recognise any significant non-compliance with relevant laws and regulations in Macau in this aspect.

Indoor Air Quality

In order to improve the quality of air in Casino Kam Pek Paradise for the health of the casino patrons and the staff working in the casino, the Group has installed air-purifiers in the casino. The Group is committed to complying with relevant prevailing laws and requirements and adhering to the Regime of Tobacco Prevention and Control requirements imposed by the relevant Macau government authority.

The Group did not note any cases of material non-compliance with Air Pollution Control Ordinance and Water Pollution Control Ordinance of Hong Kong or the applicable legislation in Macau regarding the Group's operations during the year ended 31 December 2023.

A. ENVIRONMENTAL (Continued)

A4 Climate Change

Climate change poses one of the greatest risks to the global economies and businesses. Noticing that the physical impacts of flooding and damage brought by super typhoons such as “Hato” and “Mangkhut” to the business operations of Casino Kam Pek Paradise in recent years, the Board recognises the need to adopt a holistic view of how climate change affects the Group’s business and functions, for instance, by incorporating climate-related considerations into its strategic planning and decision-making process. Climate-related issues are integrated into the mandates of the EHS Team for the day-to-day assessment and management of climate-related issues. Meetings with key stakeholder groups such as employees, investors, and suppliers were held, if appropriate, to help the EHS Team identify climate-related risks for prioritisation.

Supported by the EHS Team, the Board oversees the management of climate-related issues and risks annually during Board meetings and ensures that they are incorporated into the strategy of the Group. The EHS Team is responsible for assessing, managing and monitoring the Group’s policies, programmes, and performances relating to climate change, and provisions of recommendations and updates to assist the Board in evaluating the effectiveness of climate strategy and measures of the Group. To ensure the Board keeps up with the latest trend of climate-related issues, climate competence training is provided to all Directors to ensure that the Board has the necessary expertise and skills to oversee the management of climate-related issues.

Meetings were convened to gather department heads from different departments to further identify climate-related risks. Meetings with stakeholders such as employees, investors, and suppliers were held. Subsequently, a list of climate-related risks was identified for prioritisation.

Utilising the quantitative scoring method, identified climate-related risks were prioritised. Criteria including likelihood, impact, adaptability and recovery were used to rank the priority of relevant risks. Then, the scoring process was done.

The EHS Team has reviewed different types of physical risks (such as flood and typhoon, rising sea level and frequency and severity of extreme weather) and transition risks (such as new policy relating to carbon price, new technology and market preference). Given the business nature of Casino Kam Pek Paradise being mainly the provision of casino management services, significant climate-change related issues which have impacted or which may impact the Group have not been identified.

To minimise the disruption caused by changes in weather patterns and the increased severity of extreme weather events to the continuity of the Group’s daily operations and the availability of our staff to serve our customers, the Group has developed emergency protocols to handle such events, as outlined in the employee handbook including guidelines of work arrangements, and reviewed the adequacy of insurance coverage for Casino Kam Pek Paradise. The Group will continue to monitor climate-change related issues and make appropriate assessments to consider and determine whether it is necessary to take measures should any of such issues arise or not.

B. SOCIAL

B1 Employment

Employees are the greatest assets of the Group. The Group strives to attract, recruit, retain and train its employees. Employee handbooks have been established, with sets of policies to govern employees' affairs such as recruitment, payroll, working hours, rest periods, termination and rules of conduct. All the Group's offices (including offices in Hong Kong and Macau) are in compliance with the relevant labour laws and regulations in the relevant jurisdictions.

Total Workforce

As at 31 December 2023, there were 103 employees who were employed by the Group and working at Casino Kam Pek Paradise. The breakdown of employees by gender, employment type, age group and geographical region as at 31 December 2023 and 31 December 2022 were as follows:

Number of employees by gender	2023	2022
Male	34	46
Female	69	96
	103	142

Number of employees by employment type	2023	2022
Full time	103	142
Contract	—	—
	103	142

Number of employees by age group	2023	2022
Below 30	12	23
30 to 50	58	72
Above 50	33	47
	103	142

B. SOCIAL (Continued)

B1 Employment (Continued)

Total Workforce (Continued)

Number of employees by geographical region (location of work)	2023	2022
Macau	103	142
Others	—	—
	103	142

Employment Turnover Rate

The staff turnover rate is calculated by the monthly average number of employees leaving the Group during the year divided by the average number of employees for the year. The overall staff turnover rate and staff turnover rate by gender, age group and geographical region of Casino Kam Pek Paradise in 2023 and 2022 are as follows:

Staff turnover rate (overall)	2023	2022
Overall rate	5.1%	1.4%
Staff turnover rate by gender	2023	2022
Male	4.1%	0.7%
Female	5.6%	1.7%
Staff turnover rate by age group	2023	2022
Below 30	1.4%	2.1%
30 to 50	5.1%	1.1%
Above 50	7.0%	1.5%
Staff turnover rate by geographical region (location of work)	2023	2022
Macau	5.1%	1.4%

The Group recognises the importance of maintaining a stable staff force for its continued success. Staff remuneration is determined by reference to personal qualifications, performance, relevant experience, responsibilities and market trends. Discretionary bonuses are granted to employees based on merit and in accordance with industry practice. Other benefits including share options, share awards, subsidised medical care, pension funds and sponsorship for external education and training programmes are offered to employees.

B. SOCIAL (Continued)

B1 Employment (Continued)

The Group respects cultural diversity and is committed to provision of working environment which is free from all forms of discrimination (including age, religion, gender, pregnancy, marital status, disability, family status and race). Therefore, any employee dismissal due to discrimination or unlawful reasons is forbidden in the Group. Besides, opportunities for hiring, training and promotion are equal and open to all qualified candidates or employees and the Group has developed a systematic and objective evaluation mechanism to assess their performance based on qualifications, work experience, skills and abilities. When a position becomes available, the Group prefers internal promotion (where possible) to external recruitment.

The Group strives to maintain the work-life balance of its employees by establishing fair and reasonable working hours and leave policy to ensure that employees have sufficient time for rest and leisure. For the betterment of harmonious relationship between the employees across departments and offices, the Group provides various social activities to its employees where appropriate.

The Group did not note any cases of material non-compliance with the labour-related legislation in Macau (including the “Labour Relations Law” (Law No. 7/2008) (the “Macau Labour Relations Law”)) and in Hong Kong during the year ended 31 December 2023.

B2 Health and Safety

The Group strives to provide a safe working environment for all employees. Auxiliary facilities and protective equipment are provided to the employees in order to reduce the possibility of injury. Training courses on fire extinguishing and escape exercises are held regularly. All cases of injury, if any, are required to be reported to the head office for assessment of the cause of injury, consideration of corresponding preventive measures and to ensure proper handling of the cases in compliance with relevant regulations.

Number and Rate of Work-related Fatality

There was no recorded case of employee work-related fatality during the years ended 31 December 2021, 31 December 2022 and 31 December 2023. Accordingly, the rates of work-related fatality for the years ended 31 December 2021, 31 December 2022 and 31 December 2023 were nil.

Lost Days Due to Work Injury

The number of lost days due to work injury during the year ended 31 December 2023 was nil (2022: 28 days).

Should there be any work injuries, meetings of relevant department heads will be held. The reasons attributable to the injuries will be investigated and found by the department heads. Nevertheless, in order to prevent injuries in the future, certain tools including trolleys and more preventive trainings have been and will be provided to our staff.

Occupational Health and Safety Measures

Occupational health services which aim to protect the physical and mental health of workers in relation to their work environment are offered. This includes surveillance of the work environment, including sanitary installations and canteens, training on occupational health, safety, and hygiene, and provision of individual protective supplies and first aid, etc.

B. SOCIAL (Continued)

B2 Health and Safety (Continued)

Occupational Health and Safety Measures (Continued)

Voluntary health promotion programs are also provided. This includes offering healthy food and medical insurance to employees.

During the outbreak of the Covid-19 pandemic, all employees working in and casino patrons entering into Casino Kam Pek Paradise were required to wear surgical face mask at all time. Besides, all employees were required to provide their green Macau Health Code together with either one of the records of their vaccination or a certificate of negative nucleic acid testing issued within a designated period; otherwise, they would not be permitted to enter into Casino Kam Pek Paradise. On the other hand, all patrons were required to provide their green Macau Health Code when entering into Casino Kam Pek Paradise. The Group encouraged the employees at Casino Kam Pek Paradise to get vaccinated. As a responsible employer, the Group encouraged its staff at all offices, including Macau and Hong Kong offices, to take vaccination. Moreover, in order to keep social distance during the Covid-19 pandemic, the number of gaming machines in operation in Casino Kam Pek Paradise was restricted and maximum number of seats per traditional gaming table was restricted. All these measures helped hamper the wide spread of the pandemic. In February 2023, the entry quotas were lifted and the cross-border travel between Mainland China, Hong Kong and Macau has fully resumed. Since then, those aforesaid preventive measures have been relieved.

The Group did not note any cases of material non-compliance with the Occupational Safety and Health Ordinance of Hong Kong or the applicable legislation in Macau during the year ended 31 December 2023.

B3 Development and Training

The Group strives to improve employees' knowledge and skills for discharging their duties at work and to make them valuable assets to the Group, with a view to promoting the long-term development of its employees. For this reason, vocational training courses are provided to the employees, for example, anti-money laundering courses are provided to employees in Macau.

The overall percentage of employees trained and the percentage of employees trained by gender and employee category in 2023 and 2022 were as follows:

Percentage of employees trained (overall)	2023	2022
Overall rate	93.2%	94.4%
Percentage of employees trained by gender	2023	2022
Male	100.0%	100.0%
Female	89.9%	91.7%
Percentage of employees trained by employee category	2023	2022
General employee	91.0%	92.9%
Middle management	100.0%	100.0%
Senior management	100.0%	100.0%

B. SOCIAL (Continued)

B3 Development and Training (Continued)

The overall average training hours per employee and the average training hours per employee by gender and employee category in 2023 and 2022 were as follows:

Average training hours per employee (overall)	2023	2022
	Hours	Hours
Overall	0.9	0.9
Average training hours per employee by gender		
	2023	2022
	Hours	Hours
Male	1.0	1.0
Female	0.9	0.9
Average training hours per employee by employee category		
	2023	2022
	Hours	Hours
General employee	0.9	0.9
Middle management	1.0	1.0
Senior management	1.0	1.0

B4 Labour Standards

Anti-Child and Forced Labour

The Group strictly prohibits the use of child and forced labour in the Group's operations or activities. The Group's operations strictly comply with local labour laws and regulations. Forcing labour to work by means of physical punishment, abuse, involuntary servitude, peonage or trafficking is strictly forbidden. Employment of any person who is under the age as set forth by the local labour law is prohibited, including but not limited to hiring for the gaming areas in respect of Casino Kam Pek Paradise. The Group formally requires all job applicants to present their identity cards when they attend recruitment interview. If violations are involved, they will be dealt with in light of the circumstance and in accordance with the "Macau Labour Relations Law". The Group's Human Resources Department is responsible for monitoring and ensuring compliance with the "Macau Labour Relations Law" that prohibits child and forced labour.

The Group did not note any cases of material non-compliance with the "Macau Labour Relations Law" during the year ended 31 December 2023.

B. SOCIAL (Continued)

B5 Supply Chain Management

The Group's operation in Casino Kam Pek Paradise maintained business relationship with approximately 70 (2022: approximately 70) suppliers during the year ended 31 December 2023. Nearly all of the suppliers for our operation in Casino Kam Pek Paradise are located in Macau for both years ended 31 December 2023 and 31 December 2022. In determining the location of the suppliers, we refer to the location in which products or services are provided to the Group. The Group is well aware that selection and management of suppliers is key to promoting green and environmental-friendly procurement in its operations. As such, the Group also maintains a list of approved suppliers which is updated regularly by the Purchasing Department of the Group. In selection of suppliers, domestic suppliers in Macau and green suppliers are preferred. For example, suppliers located in Macau adopting recycled materials and products made of recycled materials are preferred, in order to promote green products. The suppliers within the approved list are also required to adhere to the Group's ESG policies including but not limited to:

- Provision of safe working environment;
- Prohibition of child and forced labour;
- Certified green products preferred;
- Fair wages and fair working environment without discrimination; and
- Compliance with or exceeding all relevant laws, regulations, and codes of conduct or practice.

The products and services provided by the suppliers to the Group will be reviewed by our Purchasing Department from time to time. When it comes to the Group's attention that a supplier in the approved list of suppliers has failed to meet the standards or failed to adhere to the Group's policies, upon the Group's review and assessment, such supplier may be removed from the approved list of suppliers and the Group may source for new suppliers which can supply products with equivalent standards and quality and at the same time uphold environmental and social principles that align with the Group's policies. The Purchasing Department also regularly monitors the implementation of such policies and performance of such suppliers.

In light of this policy, photocopiers of less consumption of energy and less emissions of carbon are adopted by the Group, including Casino Kam Pek Paradise.

B. SOCIAL (Continued)

B6 Product Responsibility

In view of the business nature of Casino Kam Pek Paradise being mainly the provision of casino management services, disclosure on the number of products sold or shipped subject to recalls for safety and health reasons is not applicable to the Group. Product responsibility information on the services provided are discussed as follows:

Responsible Gaming

As a group engaged in the provision of casino management services, the Group is committed to promoting responsible gaming and supporting Macau government's relevant measures. The Group promotes responsible gaming in a variety of ways, including:

- Notice boards, kiosks and posters are in place in Casino Kam Pek Paradise to improve the awareness of problem gaming among the Group's employees and the casino patrons;
- Staff of Casino Kam Pek Paradise are prohibited at all times from gambling at any gaming venue pursuant to Macau's Law No. 10/2012 (Amended by Law No. 17/2018) Regulating the Conditions of Entering, Working and Gaming at Casinos;
- The Group shall seek suitable opportunities to take part in the events with non-profitable or charitable organisations and academic institutions in Macau to alleviate the adverse social impact as a result of problem gaming;
- Providing our employees with training on responsible gaming as part of their orientation; and
- Assisting our customers in obtaining information about responsible gaming.

The Group did not note any cases of material non-compliance with Macau's Law No. 10/2012 (Amended by Law No. 17/2018) Regulating the Conditions of Entering, Working and Gaming at Casinos during the year ended 31 December 2023.

Service-Related Complaints Received

A complaint-handling mechanism is in place at our operations in Casino Kam Pek Paradise. Upon receiving customers' complaints, the corresponding units will follow up and address such for further improvement in accordance with our complaint record guideline. Our staff are trained to ensure that customers' complaints are handled in a timely and effective manner. All customer complaints are handled, responded and reviewed within an appropriate time frame.

During the year ended 31 December 2023, the Group did not receive any significant written complaints relating to our services.

Protection of Intellectual Property Rights

Intellectual property rights are of key value to the Group as they are crucial business assets that will support our continued growth. In order to protect the Group's intellectual property rights, the Group has been registered as the owner of certain patents and trademarks registered in Macau, the PRC, the U.S., etc. To protect the Group's patents and other intellectual property rights from possible infringement by third parties and competitors, the Group regularly monitors to ensure its intellectual properties are not being infringed upon and is ready to take appropriate and immediate actions to protect its interests.

B. SOCIAL (Continued)

B6 Product Responsibility (Continued)

Quality Assurance

The Group always strives to provide high quality services to the casino patrons by providing safe, clean and comfortable environment to them. There is a monthly departmental meeting among department heads aiming for provision of even better services to the casino patrons.

Data Privacy

The Group understands the importance of data privacy. The Group is committed to protecting the privacy of its customers in collection, processing and use of their personal data. The Group has adopted policies on consumer data protection to ensure that relevant critical IT systems will follow the measures as required by the Macau Cyber Security Law and such systems will be protected by the appropriate security controls within our IT environment.

The Group did not note any cases of material non-compliance with the Personal Data (Privacy) Ordinance of Hong Kong, the Personal Data Protection Act and the Macau Cyber Security Law of Macau in relation to data privacy during the year ended 31 December 2023.

B7 Anti-corruption

The Group believes that honesty, integrity and fairness are of vital importance to its business operations. The Group does not tolerate corruption, bribery, money-laundering and other fraudulent activities in its operations. All employees of the Group are expected to adhere to the anti-corruption policy of the Group in which standards of ethical, personal and professional conduct are set out.

Updated training on anti-money laundering, anti-bribery and anti-corruption are provided to Directors and employees from time to time. Moreover, the whistleblowing policy of the Company provides a private communication channel to all staff to report suspicious fraudulent actions to the senior management directly. Review of the effectiveness of the internal control systems is also conducted on a regular basis for prevention of corruption.

The Group did not note any cases of material non-compliance with the relevant Prevention of Bribery Ordinance and Anti-money Laundering Ordinance of Hong Kong and Macau and there was no concluded legal case regarding corruption, extortion, fraud, or money laundering against the Group or its employees during the year ended 31 December 2023.

B8 Community Investment

It is the Group's policy on the community engagement to understand the needs of the communities where the Group operates and to support and sponsor charitable activities where appropriate after taking into consideration of the communities' interests.

For the benefit of the Macau community in advancing arts, culture and sports, the Group has been supporting and sponsoring a variety of activities to attain social harmony. The Group has also set up a showroom for non-gaming attraction known as "Street Steel — Heavy Metal Bike Gallery Macau" in Casino Kam Pek Paradise with more than 20 collectable luxury motorbikes, visiting of which is free of charge. The Group is also dedicated to supporting the advancement of education for young people, helping them establish a strong and solid foundation of their chosen careers.

Deloitte.

德勤

TO THE SHAREHOLDERS OF PARADISE ENTERTAINMENT LIMITED

(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Paradise Entertainment Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 83 to 153, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter

How our audit addressed the key audit matter

Impairment assessment of the intangible asset and property, plant and equipment allocated to the cash-generating unit comprising the patent for the computerised gaming system for operating multi-gambling games in Macau (the "Macau Patent CGU")

We have identified the Group's impairment assessment of the Macau Patent CGU as a key audit matter due to the significant level of management judgment and inherent uncertainty involved in determining the recoverable amounts of the non-current assets allocated to the Macau Patent CGU.

As set out in notes 4, 14 and 16 to the consolidated financial statements, as at 31 December 2023, the intangible asset of approximately HK\$20.2 million representing a patent for a computerised gaming system to operate multi-gambling games on electronic gaming equipment in certain casinos in Macau, and the property, plant and equipment of approximately HK\$22.8 million, respectively, are allocated to the Macau Patent CGU.

The recoverable amount of the Macau Patent CGU is the estimated value in use determined by the directors of the Company based on the present value of estimated future net cash flows to be generated over the remaining license period and, with reference to the valuation report prepared by an independent professional valuer, which was approved by the directors of the Company. The key assumptions adopted by the directors of the Company in the value in use calculation includes the growth rates of revenue and costs of sales and services and the pre-tax discount rate.

Based on the Group's impairment assessment, no impairment loss was recognised on the Macau Patent CGU for the year ended 31 December 2023.

Our procedures in relation to the impairment assessment of the intangible asset and property, plant and equipment allocated to the Macau Patent CGU included:

- Obtaining an understanding of the impairment assessment process applied by the management of the Group and the independent professional valuer to estimate the recoverable amounts based on a value in use calculation;
- Assessing the competence, capabilities and objectivity of the independent professional valuer;
- Understanding the key assumptions applied to the valuation with reference to available market data;
- Assessing the reasonableness of the key assumptions adopted by the directors of the Company in determining the recoverable amount of the Macau Patent CGU, including growth rates of revenue and costs of sales and services with regards to the Group's strategic plans and changes in market conditions;
- Assessing the reasonableness of the pre-tax discount rate applied in the value in use calculation by developing independent expectations for the discount rate based on market data and certain company specific input data, with the involvement of our valuation specialist; and
- Evaluating the historical accuracy and reasonableness of the value in use calculation by comparing the historical cash flow forecasts with the actual performance of the Macau Patent CGU.

Independent Auditor's Report (Continued)

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report (Continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Independent Auditor's Report (Continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Kwok Lai Sheung.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

26 March 2024

Consolidated Statement of Profit or Loss

For the year ended 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Revenue	5	634,281	297,820
Cost of sales and services		(309,749)	(270,272)
Gross profit		324,532	27,548
Other income, gains and losses	7	18,308	11,136
Marketing, selling and distribution costs		(104,583)	(41,643)
Operating and administrative expenses		(145,231)	(148,350)
Amortisation of intangible assets		(12,138)	(12,138)
Finance costs	8	(18,648)	(7,515)
Profit (loss) before taxation	9	62,240	(170,962)
Taxation (charge) credit	11	(1,303)	4,632
Profit (loss) for the year		60,937	(166,330)
Profit (loss) for the year attributable to:			
— Owners of the Company		65,782	(154,565)
— Non-controlling interests		(4,845)	(11,765)
		60,937	(166,330)
		HK cents	HK cents
Basic earnings (loss) per share	13	6.3	(14.7)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	2023	2022
	HK\$'000	HK\$'000
Profit (loss) for the year	60,937	(166,330)
Other comprehensive income for the year:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	2,587	4,422
Total comprehensive income (expense) for the year	63,524	(161,908)
Total comprehensive income (expense) for the year attributable to:		
— Owners of the Company	68,371	(150,582)
— Non-controlling interests	(4,847)	(11,326)
	63,524	(161,908)

Consolidated Statement of Financial Position

At 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Property, plant and equipment	14	227,649	239,129
Right-of-use assets	15	24,262	35,877
Intangible assets	16	20,229	32,367
Interests in a joint venture	17	—	—
Deferred tax assets	27	164	—
Other assets	18	25,010	13,523
Pledged bank deposits	19	47,346	31,174
		344,660	352,070
Current assets			
Inventories	20	33,785	37,590
Trade and other receivables	21	82,064	33,613
Amount due from a related company	22	2,256	3,816
Convertible loan	23	—	—
Bank balances and cash	24	59,627	20,179
		177,732	95,198
Current liabilities			
Trade and other payables	25	78,901	52,217
Amounts due to directors	26	1,796	1,773
Taxation payable		5,060	3,684
Bank borrowings — due within one year	28	10,150	6,087
Other borrowings — due within one year	29	6,637	69
Lease liabilities	30	14,031	13,651
Contract liabilities	31	11,968	7,190
Loans from a shareholder	32	20,778	64,960
		149,321	149,631
Net current assets (liabilities)		28,411	(54,433)
Total assets less current liabilities		373,071	297,637
Non-current liabilities			
Bank borrowings — due after one year	28	115,650	115,036
Other borrowings — due after one year	29	243	312
Lease liabilities	30	13,094	24,599
Loans from a shareholder	32	25,570	—
		154,557	139,947
Net assets		218,514	157,690

Consolidated Statement of Financial Position (Continued)

At 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
Capital and reserves			
Share capital	33	1,052	1,052
Reserves		196,633	128,262
Equity attributable to owners of the Company		197,685	129,314
Non-controlling interests		20,829	28,376
Total equity		218,514	157,690

The consolidated financial statements on pages 83 to 153 were approved and authorised for issue by the board of directors of the Company on 26 March 2024 and are signed on its behalf by:

JAY CHUN
DIRECTOR

TANG KIU SAM ALICE
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to owners of the Company				Subtotal	Non-controlling interests	Total
	Share capital	Contributed surplus	Translation reserve	Accumulated losses			
	HK\$'000	HK\$'000 (note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022	1,052	1,020,504	18,775	(760,435)	279,896	39,131	319,027
Loss for the year	—	—	—	(154,565)	(154,565)	(11,765)	(166,330)
Other comprehensive income for the year	—	—	3,983	—	3,983	439	4,422
Total comprehensive income (expense) for the year	—	—	3,983	(154,565)	(150,582)	(11,326)	(161,908)
Deregistration of a subsidiary	—	—	—	—	—	571	571
At 31 December 2022	1,052	1,020,504	22,758	(915,000)	129,314	28,376	157,690
Profit (loss) for the year	—	—	—	65,782	65,782	(4,845)	60,937
Other comprehensive income (expense) for the year	—	—	2,589	—	2,589	(2)	2,587
Total comprehensive income (expense) for the year	—	—	2,589	65,782	68,371	(4,847)	63,524
Dividend paid to non-controlling interests (note 34)	—	—	—	—	—	(2,700)	(2,700)
At 31 December 2023	1,052	1,020,504	25,347	(849,218)	197,685	20,829	218,514

Note: The contributed surplus represents the aggregate of: (i) the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amounts of the issued share capital and the share premium of subsidiaries acquired by the Company pursuant to the group reorganisation in 1996; (ii) the effects of the capital reduction, share premium cancellation and the elimination to accumulated losses took place in 1999 and 2013; (iii) the effect of the reduction of share premium took place in 2017; and (iv) the effect of dividend for the year ended 31 December 2018 and paid in 2019.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	2023 HK\$'000	2022 HK\$'000
Operating activities		
Profit (loss) before taxation	62,240	(170,962)
Adjustments for:		
Interest income	(1,981)	(1,486)
Finance costs	18,648	7,515
Amortisation of intangible assets	12,138	12,138
Depreciation of property, plant and equipment	27,944	29,412
Depreciation of right-of-use assets	14,937	11,065
(Gain) loss on disposal/write-off of property, plant and equipment	(147)	2,756
Impairment loss in respect of amount due from a joint venture	—	141
Gain arising from early termination of lease contracts	(123)	(77)
Loss from change in fair value of convertible loan	—	347
Loss on disposal of subsidiaries	—	128
Unrealised exchange (gain) losses	(1,291)	5,889
Write-down of inventories	5,122	3,597
Covid-19-related rent concessions	—	(227)
Operating cash flows before movements in working capital	137,487	(99,764)
(Increase) decrease in inventories and others	(1,755)	10,913
(Increase) decrease in trade and other receivables	(53,018)	34,557
Decrease (increase) in amount due from a related company	1,560	(2,764)
Increase in amount due from a joint venture	—	(141)
Decrease in amount due to a joint venture	—	(278)
Increase (decrease) in trade and other payables	26,516	(6,132)
Increase (decrease) in contract liabilities	4,778	(3,722)
Increase in other assets	(12,114)	—
Cash from (used in) operations	103,454	(67,331)
Lump Sum Dividend Tax paid	—	(561)
PRC Enterprise Income Tax paid	(91)	—
Net cash from (used in) operating activities	103,363	(67,892)
Investing activities		
Purchases of property, plant and equipment	(14,671)	(13,588)
Payments for rental deposits	—	(958)
Deposits paid for acquisitions of property, plant and equipment	—	(1,735)
Placement of pledged bank deposits	(16,482)	(426)
Proceeds from rental deposits refunded	2,196	1,828
Proceeds from release of pledged bank deposits	310	—
Interest received	646	899
Proceeds from disposal of property, plant and equipment	356	625
Net cash used in investing activities	(27,645)	(13,355)

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2023

	2023 HK\$'000	2022 HK\$'000
Financing activities		
Loans from a shareholder	70,000	64,960
Repayment of loans from a shareholder	(88,612)	—
New bank borrowings raised	11,030	—
New other borrowings raised	6,568	—
Interest paid	(18,463)	(7,496)
Repayment of lease liabilities	(14,286)	(10,687)
Repayments of bank borrowings	(6,353)	(8,042)
Repayments of other borrowings	(69)	(69)
Advances from directors	23	33
Net cash (used in) from financing activities	(40,162)	38,699
Net increase (decrease) in cash and cash equivalents	35,556	(42,548)
Cash and cash equivalents at beginning of the year	20,179	64,043
Effect of foreign exchange rate changes	3,892	(1,316)
Cash and cash equivalents at end of the year, representing bank balances and cash	59,627	20,179

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

1. GENERAL INFORMATION

Paradise Entertainment Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its ultimate holding company is August Profit Investments Limited, a company established in the British Virgin Islands (“BVI”). In the opinion of the directors of the Company, the Company’s ultimate controlling party is Dr. Jay Chun (“Dr. Chun”), who is also an executive director of the Company. The addresses of the registered office and the principal place of business of the Company are disclosed in the “Corporate Information” section of the annual report.

The Company is an investment holding company of a diverse group of companies that are principally engaged in provision of the casino management services, and the development, sale and leasing of electronic gaming equipment and systems. The Company is also engaged in the supply of smart charging stations and smart charging equipment for electronic motorcycles, bicycles and vehicles. The principal activities of its principal subsidiaries are set out in note 44.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Company and its subsidiaries (collectively referred to as the “Group”) has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

Impacts on application of Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 “Income Taxes” so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022; and
- (ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use assets and lease liabilities.

The application of the amendments has had no material impact on the Group’s financial position and performance, except that the Group discloses the related deferred tax assets of HK\$1,362,000 and deferred tax liabilities of HK\$1,362,000 on a gross basis in note 27 but it had no impact on the accumulated losses as at the earliest period presented.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The Group has applied the amendments for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies” (Continued)

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in note 3 to the consolidated financial statements.

Impacts on application of Amendments to HKAS 12 “International Tax Reform — Pillar Two Model Rules”

The Group has applied the amendments for the first time in the current year. HKAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the “Pillar Two legislation”). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities to disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group is yet to apply the temporary exception during the current year because the Group’s entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group’s exposure to Pillar Two income taxes in the Group’s annual consolidated financial statements when the Pillar Two legislation is enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after 1 January 2024

³ Effective for annual periods beginning on or after 1 January 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

Amendments to HKFRSs in issue but not yet effective (Continued)

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)” (the “2020 Amendments”) and “Amendments to HKAS 1 Non-current Liabilities with Covenants” (the “2022 Amendments”)

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 “Financial Instruments: Presentation”.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group’s outstanding liabilities as at 31 December 2023, and the related terms and conditions stipulated in the agreements between the Group and the relevant lenders, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group’s liabilities.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive expense are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive expense of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group’s equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Property, plant and equipment

Property, plant and equipment held for supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements and the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

The Group transfers an inventory from/to plant and machinery under property, plant and equipment at its carrying amount when there is a change in use to (i) sell in the ordinary course of business for the transfer to inventory; or (ii) hold the plant and machinery for supply of goods or services, or for administrative purposes for the transfer to plant and machinery under property, plant and equipment.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability, and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other income, gains and losses” line item.

Impairment of financial assets and lease receivables subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade receivables from gaming operators and customers in relation to sale of electronic gaming equipment and systems and sale of smart charging equipment, loan receivable, deposits paid and other receivables, refundable rental deposits and other assets, amounts due from a joint venture, amount due from a related company, pledged bank deposits and bank balances) and lease receivables which are subject to impairment under HKFRS 9 “Financial Instruments”. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables, amount due from a joint venture in trade nature, amount due from a related company in trade nature and lease receivables.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and lease receivables subject to impairment assessment under HKFRS 9 (Continued)

For all other instruments including deposits paid and other receivables, refundable rental deposits and other assets, loan receivable, amounts due from a joint venture in non-trade nature, pledged bank deposits and bank balances, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the ability of the debtor to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and lease receivables subject to impairment assessment under HKFRS 9 (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and lease receivables subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL (Continued)

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16 “Leases”.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- past-due status;
- nature, size and industry of receivables; and
- external credit ratings where available.

The grouping is regularly reviewed by the management of the Group to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, amounts due to directors, bank borrowings, other borrowings and loans from a shareholder) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in notes 5 and 31.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

Lease payments associated with short-term leases of rented premises are recognised on a straight-line basis over the lease term as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less from the commencement date without a purchase option.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

Leasing income which are derived from the Group's ordinary course of business are presented as revenue.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For rent concession under which the Group legally releases the lessee from its obligation to make specifically identified lease payment, of which some of these lease payments are contractually due but not paid and some of them are not yet contractually due, the Group accounts for the portions which have been recognised as operating lease receivables (i.e. the lease payments which are contractually due but not paid) by applying the ECL and derecognition requirements under HKFRS 9 and applies lease modification requirements for the forgiven lease payments that the Group has not recognised (i.e. the lease payments which are not yet contractually due) as at the effective date of modification.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. 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 estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment assessment of the intangible asset and property, plant and equipment allocated to the Macau Patent CGU (as defined in note 16)

In determining whether the intangible asset and property, plant and equipment are impaired requires an estimation of the recoverable amount of the Macau Patent CGU to which these assets are allocated. The Group engages an independent professional valuer to perform the valuation. The recoverable amount is based on the estimated value in use which is the aggregate of present value of estimated future cash flows. The Group has made reasonable estimates and judgments when developing the estimated recoverable amount. Key assumptions including the growth rates of revenue and costs of sales and services and the pre-tax discount rate in the cash flow projections, could materially affect the recoverable amounts arising from the current changing market conditions. Should the actual future cash flows be less than expected, a material impairment loss may arise.

Based on the Group's impairment assessment, as the recoverable amount based on value in use of the intangible asset and the related property, plant and equipment allocated to the Macau Patent CGU is estimated to be higher than the carrying amount, no impairment was recognised as at 31 December 2023 (2022: nil).

As at 31 December 2023, the carrying amounts of intangible asset and property, plant and equipment allocated to the Macau Patent CGU are HK\$20,229,000 (2022: HK\$32,367,000) and HK\$22,811,000 (2022: HK\$30,819,000), respectively.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

5. REVENUE

An analysis of the Group's revenue is as follows:

	2023 HK\$'000	2022 HK\$'000
Casino management services:		
Provision of casino management services, recognised over time	564,759	266,904
Gaming systems:		
— Macau		
Sale of electronic gaming equipment and systems, recognised at a point in time	53,588	3,536
Leasing of electronic gaming equipment and systems		
— variable operating lease payments	3,244	3,863
	56,832	7,399
— Overseas		
Sale of electronic gaming equipment and systems, recognised at a point in time	—	20,352
Leasing of electronic gaming equipment and systems		
— variable operating lease payments	—	959
	—	21,311
— Royalty income, recognised over time	342	2,206
	57,174	30,916
Sale of smart charging equipment, recognised at a point in time	12,348	—
Total	634,281	297,820
Analysis of revenue:		
Recognised over time	565,101	269,110
Recognised at a point in time	65,936	23,888
Revenue recognition for revenue from contracts with customers	631,037	292,998
Leasing income — variable operating lease payments	3,244	4,822
Total	634,281	297,820

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

5. REVENUE (Continued)

Performance obligations for contracts with customers

Provision of casino management services

The Group provides management services to a gaming operator in Macau under service arrangements for gaming operations in mass market halls and slot machine halls. Such services are recognised as a performance obligation satisfied over time as the Group is entitled to receive its service income according to the gross gaming revenue generated by Casino Kam Pek Paradise from the gaming operator.

The directors of the Company considered that the Group acts as the principal for the casino management service operations with services provided to the gaming operator as the Group controls the specified services to be provided by the Group before the services are transferred to a customer.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

As a practical expedient, the Group does not disclose the information about its remaining obligations in respect of provision of casino management services as the Group elected to apply the practical expedient by recognising revenue in the amount to which the Group has right to invoice.

Sale of electronic gaming equipment and systems

The Group enters into contracts with customers (casino operators) for the sale of electronic gaming equipment and systems include multi-elements as follows:

- (a) Procurement and delivery of electronic gaming equipment and systems;
- (b) Assist in obtaining the local regulatory approval of the electronic gaming equipment and systems;
- (c) On-site installation of the electronic gaming equipment and systems at the casino; and
- (d) After sales assurance warranty ranges from three months to one year.

The directors of the Company considered that these multi-elements are not separately identifiable components and therefore, the revenue on sale of electronic gaming equipment and systems is recognised as sale of goods when the goods are approved by the local regulatory authority, delivered, on-site installation is satisfied as per terms of relevant sale contracts and titles have been passed. An advance payment is required on inception of sale contract. Remaining payment of the transaction price is due within 30 days after installation of the electronic gaming equipment and systems at the casino.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

5. REVENUE (Continued)

Performance obligations for contracts with customers (Continued)

Royalty income

Royalty income is recognised and based on sale and other measures by reference to the agreement for the placement of the relevant products in accordance with the substance of the relevant agreement.

As a practical expedient, the Group does not disclose the information about its remaining obligations in respect of sale of electronic gaming equipment and systems and royalty income as the contracts have an original expected duration of one year or less.

Sale of smart charging equipment

Revenue represents the supply of smart charging stations and smart charging equipment during the year. The revenue is recognised when the products are delivered and control have been passed, being when the products have been delivered to the customer's specific location.

6. SEGMENT INFORMATION

The executive directors of the Company (the "Executive Directors") have been identified as the chief operating decision makers (the "CODM"). The CODM reviews the business with the following reportable and operating segments:

Casino management services	—	Provision of casino management services in Macau
Gaming systems	—	Development, sale and leasing of electronic gaming equipment and systems and royalty income
Innovative and renewable energy solutions business	—	Supply of smart charging stations and smart charging equipment for electric motorcycles, bicycles, and vehicles, etc. (Has commenced from 2023)

The Group monitors the operating results of its business units separately for the purposes of making decisions about resource allocation and performance assessment. Segment results represent the operating profit or loss from/earned by each segment without allocation of corporate income and expenses, finance costs and taxation. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

6. SEGMENT INFORMATION (Continued)

Segment revenue and results

Information regarding the above segments is reported below:

For the year ended 31 December 2023

	Casino management services HK\$'000	Gaming systems HK\$'000	Innovative and renewable energy solutions business HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Segment revenue	564,759	57,174	12,348		634,281
Segment results	126,206	(28,721)	1,797		99,282
Unallocated corporate income					8,229
Unallocated corporate expenses					(26,623)
Finance costs					(18,648)
Profit before taxation					62,240
Taxation charge					(1,303)
Profit for the year					60,937
Other information					
Capital expenditure	9,490	4,347	6,656	1,314	21,807
Amortisation of intangible assets	12,138	—	—	—	12,138
Depreciation of property, plant and equipment	14,683	12,143	115	1,003	27,944
Depreciation of right-of-use assets	10,621	2,959	508	849	14,937
Loss (gain) on disposal/write-off of property, plant and equipment	—	34	2	(183)	(147)
Write-down of inventories	—	5,111	—	11	5,122

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

6. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the year ended 31 December 2022

	Casino management services HK\$'000	Gaming systems HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Segment revenue	266,904	30,916		297,820
Segment results	(70,585)	(68,640)		(139,225)
Unallocated corporate income				11,185
Unallocated corporate expenses				(35,407)
Finance costs				(7,515)
Loss before taxation				(170,962)
Taxation credit				4,632
Loss for the year				(166,330)
Other information				
Capital expenditure	31,449	20,661	561	52,671
Amortisation of intangible assets	12,138	—	—	12,138
Depreciation of property, plant and equipment	18,330	9,317	1,765	29,412
Depreciation of right-of-use assets	3,336	3,631	4,098	11,065
(Gain) loss on disposal/write-off of property, plant and equipment	(624)	3,377	3	2,756
Loss from change in fair value of convertible loan	—	—	347	347
Impairment loss in respect of amount due from a joint venture	—	—	141	141
Write-down of inventories	—	3,533	64	3,597

No analysis of the Group's assets and liabilities by operating and reportable segments are disclosed as they are not regularly provided to the CODM.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

6. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are principally located in Macau, the United States of America ("U.S.") and mainland of the People's Republic of China ("PRC").

Information about the Group's revenue from external customers is presented based on the location of the operations.

	2023 HK\$'000	2022 HK\$'000
Macau	621,591	274,303
U.S.	342	23,517
The PRC	12,348	—
	634,281	297,820

The Group's non-current assets (excluding financial assets) are mainly located in Macau.

Information about major customers

During the year ended 31 December 2023, revenue derived from one (2022: one) customer, which individually contributed over 10% of the Group's revenue, is as follows:

	2023 HK\$'000	2022 HK\$'000
Casino management services segment	564,759	266,904
Gaming systems segment	223	8
	564,982	266,912

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

7. OTHER INCOME, GAINS AND LOSSES

	2023 HK\$'000	2022 HK\$'000
Bank interest income	1,391	505
Interest on loan receivable	590	624
Interest on convertible loan	—	357
Sales of frozen food and products	8,323	5,654
Sales of high-tech healthcare innovative products	1,584	4,694
Rental income — fixed lease payment (note b)	3,416	3,671
Sundry income	763	3,798
	16,067	19,303
Impairment loss in respect of amount due from a joint venture	—	(141)
Unrealised exchange gain (loss)	1,291	(5,889)
Loss from change in fair value of convertible loan (note 23)	—	(347)
Gain (loss) on disposal/write-off of property, plant and equipment	147	(2,756)
Gain arising from early termination of lease contracts	123	77
Government subsidies (note a)	680	1,017
Loss on disposal of subsidiaries	—	(128)
	2,241	(8,167)
	18,308	11,136

Notes:

- (a) The government subsidies for the year ended 31 December 2022 mainly represent the subsidies from the Macau government on Covid-19-related subsidies with no special and unfulfilled conditions attached.
- (b) The amount of rental income mainly represents sublease of certain areas of the leased premises mainly for shops and restaurants.

8. FINANCE COSTS

	2023 HK\$'000	2022 HK\$'000
Interest on:		
— bank borrowings	4,014	3,102
— loans from a shareholder	10,783	3,753
— lease liabilities	3,851	660
	18,648	7,515

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

9. PROFIT (LOSS) BEFORE TAXATION

	2023 HK\$'000	2022 HK\$'000
Profit (loss) before taxation has been arrived at after charging:		
Directors' emoluments (note 10)	16,448	16,238
Other staff costs		
— Salaries and other benefits	89,660	97,880
— Retirement benefit scheme contributions	2,172	2,689
Total staff costs	108,280	116,807
Auditor's remuneration	2,180	1,980
Cost of inventories recognised as expenses (included in cost of sales and services)	26,624	17,638
Depreciation of property, plant and equipment	27,944	29,412
Depreciation of right-of-use assets	14,937	11,065
Commission expenses for casino management services (included in marketing, selling and distribution costs)	41,858	14,992
Impairment loss in respect of amount due from a joint venture (included in other income, gains and losses)	—	141
Loss on disposal/write-off of property, plant and equipment (included in other income, gains and losses)	—	2,756
Research and development expenditure (note) (included in operating and administrative expenses)	27,477	46,969
Loss from change in fair value of convertible loan (included in other income, gains and losses)	—	347
Write-down of inventories (included in cost of sales and services)	5,122	3,597
Unrealised exchange loss (included in other income, gains and losses)	—	5,889
and after crediting:		
Gain on disposal/write-off of property, plant and equipment (included in other income, gains and losses)	147	—
Gain arising from early termination of lease contracts (included in other income, gains and losses)	123	77
Unrealised exchange gain (included in other income, gains and losses)	1,291	—
Covid-19-related rent concessions (note 15)	—	227

Note: Research and development expenditure for the year ended 31 December 2023 of HK\$27,477,000 (2022: HK\$46,969,000) mainly includes staff costs of HK\$20,237,000 (2022: HK\$29,733,000), depreciation of property, plant and equipment of HK\$912,000 (2022: HK\$1,243,000) and depreciation of right-of-use assets of HK\$1,780,000 (2022: HK\$2,654,000) which are included in the respective total amounts disclosed separately above.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

The emoluments of the directors of the Company and chief executive of the Group during the year are analysed as follows:

	Executive Directors			Independent non-executive directors				Total
	Dr. Chun (chief executive)	Mr. Zhang Jianjun (Note a)	Mr. Shan Shiyong, alias, Sin Sai Yung	Mr. Li John Zongyang	Ms. Tang Kiu Sam Alice	Dr. Liu Ka Ying Rebecca	Mr. Kai- Shing Tao (Note c)	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2023								
Fees	—	240	—	120	120	91	29	600
Salaries and other benefits	12,187	—	2,400	—	—	—	—	14,587
Discretionary bonuses	—	—	—	—	—	—	—	—
Accommodation benefits	1,230	—	—	—	—	—	—	1,230
Retirement benefit scheme contributions	31	—	—	—	—	—	—	31
	13,448	240	2,400	120	120	91	29	16,448
2022								
Fees	—	6	—	120	120	—	120	366
Salaries and other benefits	12,140	—	2,400	—	—	—	—	14,540
Discretionary bonuses	—	—	—	—	—	—	—	—
Accommodation benefits	1,320	—	—	—	—	—	—	1,320
Retirement benefit scheme contributions	12	—	—	—	—	—	—	12
	13,472	6	2,400	120	120	—	120	16,238

Notes:

- (a) Appointed on 22 December 2022.
- (b) Appointed on 28 March 2023.
- (c) Resigned on 28 March 2023.

The Executive Directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The emoluments of independent non-executive directors shown above were for their services as directors of the Company.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

No emoluments were recognised or paid by the Group to the directors as compensation for loss of office or as an inducement to join or upon joining the Group for both years. None of the directors has waived any emoluments in both years.

No consideration was provided to or receivable by third parties for making available directors' services in both years.

During the years ended 31 December 2023 and 31 December 2022, the Group entered into certain deeds of loan (and/or related amendments) with Dr. Chun, a shareholder and an executive director of the Company, details of which are set out in note 32.

Save as disclosed under the section headed "Connected Transactions" in the directors' report of the annual report and in notes 22, 32 and 41 to the consolidated financial statements, no transactions, arrangements and contracts of significance to which the Group was a party and in which any director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2022: nil).

The five highest paid individuals of the Group include two directors of the Company for both years, whose emoluments are disclosed above and the total emoluments of the remaining three individuals for both years were as follows:

	2023	2022
	HK\$'000	HK\$'000
Salaries and other benefits	5,279	6,822
Discretionary bonuses	785	—
Retirement benefit scheme contributions	18	212
Compensation for the loss of office in connection with the management of the affairs of the Group:		
— Discretionary gratuity payment	245	—
	6,327	7,034

	Number of individuals	
	2023	2022

Emoluments of the remaining three employees were within the following bands:

HK\$1,000,001 — HK\$1,500,000	1	—
HK\$1,500,001 — HK\$2,000,000	1	—
HK\$2,000,001 — HK\$2,500,000	—	2
HK\$2,500,001 — HK\$3,000,000	—	1
HK\$3,000,001 — HK\$3,500,000	1	—

Except for disclosed above, no other emoluments were recognised or paid by the Group to the five highest paid individuals (including directors and employees) as compensation for loss of office or as an inducement to join or upon joining the Group for both years.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

11. TAXATION (CHARGE) CREDIT

	2023 HK\$'000	2022 HK\$'000
Current taxation charges:		
— Macau Complementary Tax	—	—
— Dividend Tax	(1,368)	(368)
— PRC Enterprise Income Tax	(99)	—
	(1,467)	(368)
Overprovision of Macau Complementary Tax in respect of prior years	—	5,000
Deferred tax credit	164	—
	(1,303)	4,632

No provision for Hong Kong Profits Tax has been recognised in the consolidated financial statements as the Group did not generate any assessable profit in Hong Kong for both years.

Macau Complementary Tax (“Macau CT”) is calculated at 12% of the estimated assessable profit. No provision for Macau CT was made in the consolidated financial statements for the years ended 31 December 2023 and 31 December 2022 as the Group did not generate any assessable profit for both years.

Pursuant to the letter issued by the Financial Services Bureau of the Macau government dated 28 October 2020, the revenue generated from the service agreement signed between LT (Macau) Limited (“LT Macau”), a wholly-owned subsidiary of the Company incorporated in Macau, and SJM Resorts, Limited (“SJM Resorts”) is not subject to Macau CT for the period from 1 April 2020 to 26 June 2022 since it is derived from SJM Resorts’ gaming revenue, for which gaming revenue is exempted from Macau CT pursuant to the terms of no. 2 of article 28 of the Law 16/2001 and the exemption granted by Despach no. 89/2020 of 23 March 2020.

Pursuant to the terms of no. 2 of article 28 of the Law 16/2001 and Despach no.19/2024 published on 29 January 2024, SJM Resorts’ income generated from gaming operations is not subject to Macau CT for the period from 1 January 2023 to 31 December 2027. Since the revenue generated from the service agreement signed between LT (Macau) and SJM Resorts is derived from SJM Resorts’ gaming revenue, the Group is in the progress of applying for exemption approval from Financial Services Bureau of the Macau government for the period from 1 January 2023 to 31 December 2025.

Pursuant to the letter issued by the Financial Services Bureau of the Macau government dated 28 October 2020, LT Macau is obligated to pay lump sum dividend tax of Macanese pataca (“MOP”) 388,000 (equivalent to HK\$376,000) for the period from 1 January 2021 to 31 December 2021 and MOP190,000 (equivalent to HK\$184,000) for the period from 1 January 2022 to 26 June 2022, respectively, as payment in lieu of Macau CT otherwise due by the shareholders of LT Macau on dividend distributions from gaming profits generated in relation to the operation of the casino at Casino Kam Pek Paradise. These lump sum dividend tax payments are required regardless of whether dividends were actually distributed or whether LT Macau had distributable profits in the relevant periods. For the year ended 31 December 2023, the Group provided dividend tax of HK\$1,368,000 (2022: HK\$368,000) on the same basis as SJM Resorts and the amount was charged to the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

11. TAXATION (CHARGE) CREDIT (Continued)

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Regulation on the Implementation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for year ended 31 December 2023. No provision for taxation for the PRC subsidiaries was made in the consolidated financial statements as the Group did not generate any assessable profit for year ended 31 December 2022.

No provision for taxation for the overseas subsidiaries was made in the consolidated financial statements as the Group did not generate any assessable profit for both years.

The taxation charge (credit) for the year can be reconciled to the profit (loss) before taxation per consolidated statement of profit or loss as follows:

	2023 HK\$'000	2022 HK\$'000
Profit (loss) before taxation	62,240	(170,962)
Tax charge (credit) at the Macau CT rate of 12%	7,469	(20,515)
Tax effect of expenses not deductible for tax purposes	61,524	50,629
Tax effect of income not taxable for tax purposes	(68,287)	(32,339)
Tax effect of tax losses not recognised	1,311	2,591
Utilisation of estimated tax losses not recognised	(1,942)	(366)
Tax effect of different tax rates of subsidiaries operating in other jurisdiction	260	—
Tax effect of concessionary rates	(400)	—
Dividend Tax	1,368	368
Overprovision in respect of prior years	—	(5,000)
Taxation charge (credit) for the year	1,303	(4,632)

Pursuant to the Macau CT law, the statutory right to issue Macau CT assessment on the estimated assessment profit in a year of assessment will expire in five consecutive years after that year of assessment. At the end of reporting period, the directors of the Company reassessed the provision of Macau CT provision and considered it is adequate. Macau CT provision of HK\$5,000,000 was reversed during the year ended 31 December 2022.

At 31 December 2023, the Group had unused tax losses of HK\$210,321,000 (2022: HK\$277,776,000) available to offset against future taxable profits which may be carried forward indefinitely except for (i) HK\$4,737,000 (2022: HK\$75,493,000) which was derived from Macau and (ii) HK\$68,879,000 (2022: HK\$70,722,000) which was derived from the PRC, with expiry dates as disclosed in the following table. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future taxable profit streams.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

11. TAXATION (CHARGE) CREDIT (Continued)

	Macau		The PRC	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
2023	—	68,600	—	7,620
2024	2,241	4,397	8,089	8,089
2025	2,496	2,496	13,772	13,772
2026	—	—	27,041	27,041
2027	—	—	14,200	14,200
2028	—	—	5,777	—
	4,737	75,493	68,879	70,722

12. DIVIDEND

No dividend was paid to the owners of the Company during the years ended 31 December 2023 and 31 December 2022. The directors of the Company determined that no dividend will be declared, proposed or paid for both years.

13. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share attributable to owners of the Company is based on the following data:

	2023 HK\$'000	2022 HK\$'000
Profit (loss)		
Profit (loss) for the year attributable to owners of the Company		
for the purposes of calculating basic earnings (loss) per share	65,782	(154,565)
	2023	2022
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of		
calculating basic earnings (loss) per share	1,052,185	1,052,185

For the years ended 31 December 2023 and 2022, no diluted earnings (loss) per share were presented as there were no dilutive potential ordinary shares.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST						
At 1 January 2022	228,552	177,330	308,042	47,922	13,985	775,831
Currency realignment	—	(176)	(47)	(388)	—	(611)
Additions	—	1,690	20,471	962	—	23,123
Transfer to inventories	—	—	(17,354)	—	—	(17,354)
Disposals/write-off	—	(1,016)	(6,397)	(938)	(302)	(8,653)
At 31 December 2022	228,552	177,828	304,715	47,558	13,683	772,336
Currency realignment	—	(47)	—	(130)	—	(177)
Additions	—	623	13,398	1,679	579	16,279
Transfer from inventories	—	—	438	—	—	438
Disposals/write-off	—	—	—	(2,016)	(2,907)	(4,923)
At 31 December 2023	228,552	178,404	318,551	47,091	11,355	783,953
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2022	21,209	169,866	268,235	43,181	11,670	514,161
Currency realignment	—	(112)	(46)	(292)	—	(450)
Provided for the year	7,405	3,276	15,685	1,586	1,460	29,412
Transfer to inventories	—	—	(4,644)	—	—	(4,644)
Eliminated on disposal/write-off	—	(563)	(3,649)	(758)	(302)	(5,272)
At 31 December 2022	28,614	172,467	275,581	43,717	12,828	533,207
Currency realignment	—	(38)	—	(95)	—	(133)
Provided for the year	7,406	2,369	15,982	1,679	508	27,944
Eliminated on disposal/write-off	—	—	—	(1,808)	(2,906)	(4,714)
At 31 December 2023	36,020	174,798	291,563	43,493	10,430	556,304
CARRYING AMOUNTS						
At 31 December 2023	192,532	3,606	26,988	3,598	925	227,649
At 31 December 2022	199,938	5,361	29,134	3,841	855	239,129

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated so as to write off the cost of assets less their residual values over their useful lives, using the straight-line basis at the following rates per annum:

Leasehold land and buildings	Over the shorter term of the lease, or 50 years
Leasehold improvements	20% or over the remaining terms of the leases if shorter
Plant and machinery	10%–20%
Furniture, fixtures and equipment	15%–20%
Motor vehicles	20%

As at 31 December 2023, an aggregate amount of HK\$477,954,000 (2022: HK\$458,285,000) included in the cost of property, plant and equipment is fully depreciated.

At the end of the reporting period, the Group assessed certain property, plant and equipment with net carrying amount of HK\$22,811,000 (2022: HK\$30,819,000), allocated to the Macau Patent CGU, for impairment having regard to the market conditions in Macau. The details of the determination of the recoverable amounts of the assets allocated to the Macau Patent CGU are disclosed in note 16.

During the year ended 31 December 2023, the Group disposed of/wrote off certain property, plant and equipment with an aggregate carrying amount of HK\$209,000 (2022: HK\$3,381,000) for cash proceeds of HK\$356,000 (2022: HK\$625,000), resulting in a gain on disposal/write-off of HK\$147,000 (2022: loss of HK\$2,756,000).

The Group transfers inventory from/to plant and machinery under property, plant and equipment at its carrying amount when there is a change in use to (i) sell in the ordinary course of business for transfer to inventory; or (ii) hold the plant and machinery for supply of goods or services, or for administrative purposes for transfer to plant and machinery under property, plant and equipment.

The Group leases out a number of electronic gaming equipment and systems in the category of plant and machinery, under operating leases with rentals payable monthly without fixed lease term. All these lease payments are variable based on a predetermined percentage of the gross gaming revenue or daily fee without fixed lease term through use of the electronic gaming equipment and systems by customers.

As at 31 December 2023, the carrying amount of the electronic gaming equipment and systems under operating leases included within plant and machinery is HK\$73,000 (2022: HK\$6,886,000).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

15. RIGHT-OF-USE ASSETS

	Rented premises	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000
COST			
At 1 January 2022	40,802	3,076	43,878
Currency realignment	(601)	—	(601)
Additions	29,548	—	29,548
Termination of lease contracts	(9,863)	—	(9,863)
At 31 December 2022	59,886	3,076	62,962
Currency realignment	(140)	—	(140)
Additions	5,090	—	5,090
Termination of lease contracts	(3,313)	(2,007)	(5,320)
At 31 December 2023	61,523	1,069	62,592
DEPRECIATION			
At 1 January 2022	23,842	970	24,812
Currency realignment	(460)	—	(460)
Termination of lease contracts	(8,332)	—	(8,332)
Provided for the year	10,363	702	11,065
At 31 December 2022	25,413	1,672	27,085
Currency realignment	(138)	—	(138)
Termination of lease contracts	(2,340)	(1,214)	(3,554)
Provided for the year	14,528	409	14,937
At 31 December 2023	37,463	867	38,330
CARRYING AMOUNTS			
At 31 December 2023	24,060	202	24,262
At 31 December 2022	34,473	1,404	35,877

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

15. RIGHT-OF-USE ASSETS (Continued)

	2023 HK\$'000	2022 HK\$'000
Short-term lease rentals in respect of rented premises and a motor vehicle	900	13,440
Variable lease rentals in respect of rented premises which are not included in lease liabilities	24,021	18,450
Total cash outflow for leases	43,058	43,237

For both years, the Group leases rented premises and motor vehicles for its operations. Lease contracts are entered into for fixed terms of 1 year to 4 years (2022: 1 year to 5 years). The leases are either only with fixed lease payments or contain variable lease payments that are based on the amount charged by the lessor on monthly actual reimbursement basis during the fixed term.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for rented premises and motor vehicles. During the year ended 31 December 2022, one short-term lease for a rented premise has modified into a long-term lease and the related lease liabilities of long-term lease has been included in the lease liabilities. There are no significant commitments for other short-term leases for rented premises and motor vehicles as at 31 December 2023 and 31 December 2022.

Rent concessions

During the year ended 31 December 2022, lessors of various office premises, a warehouse and staff quarters provided rent concessions to the Group through rent reductions ranging from 24% to 100% over three to six months.

These were rent concessions occurred as a direct consequence of Covid-19 Pandemic, which met all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constituted lease modifications. The effects of the changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK\$227,000 were recognised as negative variable lease payments for the year ended 31 December 2022.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

16. INTANGIBLE ASSETS

	Macau Patent- Betting terminal system	U.S. Patent- Betting terminal system	Total
	HK\$'000	HK\$'000	HK\$'000
COST			
At 1 January 2022, 31 December 2022 and 31 December 2023	182,066	657,535	839,601
ACCUMULATED AMORTISATION AND IMPAIRMENT			
At 1 January 2022	137,561	657,535	795,096
Provided for the year	12,138	—	12,138
At 31 December 2022	149,699	657,535	807,234
Provided for the year	12,138	—	12,138
At 31 December 2023	161,837	657,535	819,372
CARRYING AMOUNTS			
At 31 December 2023	20,229	—	20,229
At 31 December 2022	32,367	—	32,367

The Macau patent pertains to a computerised gaming system (the “Gaming System”) for operating multi-gambling games. The Gaming System was installed on the electronic gaming equipment which operates in Casino Kam Pek Paradise and other casinos in Macau. The Group generates revenue from the provision of casino management services with the Gaming System installed on the electronic gaming equipment, and the sale and leasing of electronic gaming equipment installed with the Gaming System in Macau. The patent is amortised over its useful life of 15 years using the straight-line method.

At the end of the reporting period, the Group assessed for impairment by considering the recoverable amount of the intangible asset and property, plant and equipment allocated to the cash-generating unit comprising the patent for the computerised gaming system for operating multi-gambling game in Macau (the “Macau Patent CGU”), having regard to the market conditions in Macau. The recoverable amount of the Macau Patent CGU is the value in use of the Macau Patent CGU based on the present value of estimated future cash flows to be generated over the remaining license period and, with reference to the valuation report prepared by an independent professional valuer, International Valuation Limited, which was approved by the directors of the Company. The valuation of intangible asset and property, plant and equipment in relation to Macau Patent CGU is assessed by comparing the recoverable amount of the Macau Patent CGU to their carrying amounts at the end of each reporting period. Based on the Group’s impairment assessment, as the recoverable amount based on value in use of Macau Patent CGU is estimated to be significantly over the carrying amount, no impairment loss was recognised on the intangible asset allocated to the Macau Patent CGU for the years ended 31 December 2023 and 2022.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

16. INTANGIBLE ASSETS (Continued)

Key assumptions adopted by the management of the Group in the value in use calculation for the recoverable amount of the Macau Patent CGU are as follows:

- Growth rates for revenue and costs of sales and services ranging between –8.2% and 9.7% (2022: 9.8% and 62.7%) and –8.7% and 3.3% (2022: 5.5% and 6.3%), respectively, per annum are applied in the profit or loss projection for the remaining license period.
- Pre-tax discount rate of 15.0% (2022: 16.0%) is adopted based on the analysis performed by an independent professional valuer which reflects current market assessments of the time value of money and the risks specific to the Macau Patent CGU.

17. INTERESTS IN A JOINT VENTURE

Details of the Group's investments in a joint venture at the end of the reporting period are as follows:

	2023 HK\$'000	2022 HK\$'000
Cost of investments in a joint venture	—	—
Share of post-acquisition losses	—	—
	—	—
Amounts due from a joint venture	8,585	8,585
Less: share of post-acquisition losses that are in excess of the cost of the investments	(8,585)	(8,585)
	—	—

No movements in investments in joint ventures for both years.

As at 31 December 2023, amount due from a joint venture of HK\$8,585,000 (2022: amount due from a joint venture of HK\$8,585,000) before share of losses of the joint venture is considered as part of the long-term interests that, in substance, form part of the Group's investment in the joint venture. The amounts due from a joint venture is unsecured, interest-free, and have no fixed terms of repayment.

In addition, amount due from a joint venture with gross carrying amounts of HK\$1,173,000 (2022: HK\$1,173,000) in trade nature and HK\$859,000 (2022: HK\$859,000) in non-trade nature, are not considered part of the long-term interest in the joint venture as at 31 December 2023 and 2022, both of which are credit-impaired and impairment allowances based on lifetime ECL of HK\$1,173,000 (2022: HK\$1,173,000) and HK\$859,000 (2022: HK\$859,000) are provided for the trade and non-trade amounts respectively during the year ended 31 December 2022. The amounts are unsecured, and interest-free.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

17. INTERESTS IN A JOINT VENTURE (Continued)

Details of impairment assessment of amounts due from a joint venture for the year ended 31 December 2023 are set out in note 39.

Details of the Group's joint venture at the end of the reporting period are as follows:

Name of entity	Place of incorporation/ registration	Principal place of business	Proportion of ownership interests and voting rights held by the Group		Principal activities
			2023	2022	
Shuang Zuan Management Restaurant Company Limited ("Shuang Zuan")	Macau	Macau	50%	50%	Management and operation of food and beverage businesses in Macau

18. OTHER ASSETS

	2023 HK\$'000	2022 HK\$'000
Deposits paid for acquisitions of property, plant and equipment	6,389	8,014
Rental deposits	6,507	5,509
Deposit paid to SJM Resorts for the Group's provision of casino management services	12,114	—
	25,010	13,523

19. PLEDGED BANK DEPOSITS

	2023 HK\$'000	2022 HK\$'000
Non-current portion		
Bank deposits pledged:		
— in favour of SJM Resorts for Group's fulfilment of certain obligations (note (i))	46,549	30,864
— in favour of a bank (note (ii))	797	—
— in favour of a landlord to secure a right-of-use asset (note (iii))	—	310
	47,346	31,174

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

19. PLEDGED BANK DEPOSITS (Continued)

Notes:

- (i) As at 31 December 2023, an amount of HK\$46,549,000 (2022: HK\$30,864,000) represented a bank deposit to secure a bank facility granted by a bank to a subsidiary of the Company. The bank facility represented a bank guarantee amounting to MOP47,082,000 (equivalent to HK\$45,711,000) (2022: MOP47,082,000 (equivalent to HK\$45,711,000)) for the period from 1 April 2020 to 31 December 2026 which was in favour of SJM Resorts for the Group's fulfilment of all its obligations, in particular for reimbursement by the Group to SJM Resorts of the employee's salaries and benefits for those gaming operation employees employed by SJM Resorts who work for the casino under the management of the Group, as stipulated under the service agreement (and all related supplemental agreements) entered into between SJM Resorts and the Group for provision of casino management services by the Group to SJM Resorts.
- (ii) As at 31 December 2023, an amount of HK\$797,000 (2022: nil) represented a bank deposit to secure a guarantee issued by the bank relating to certain subsidies granted by the Macau government to the Group.
- (iii) As at 31 December 2022, an amount of HK\$310,000 represented a bank deposit to secure a bank guarantee granted to a subsidiary of the Company. The bank guarantee was in favour of a landlord to secure a right-of-use asset of HK\$35,000 for a subsidiary of the Company. The bank guarantee was released during the year ended 31 December 2023.

Pledged bank deposits carry fixed interest rates ranging from 2.9% to 4.0% (2022: 0.25% to 1.25%) per annum.

20. INVENTORIES

	2023 HK\$'000	2022 HK\$'000
Consumables	25,533	31,737
Trading goods	8,252	5,853
	33,785	37,590

21. TRADE AND OTHER RECEIVABLES

	2023 HK\$'000	2022 HK\$'000
Trade receivables (note i)	54,894	5,069
Deposits paid	4,395	7,304
Loan receivable (note ii)	6,970	7,799
Other receivables	11,090	11,147
Prepayments	4,715	2,294
	82,064	33,613

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

21. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

- (i) As at 1 January 2022, the carrying amount of trade receivables from contracts with customers was HK\$26,479,000.

As at 31 December 2023, trade receivables of HK\$54,894,000 (2022: HK\$5,069,000) comprised receivables from contracts with customers and lease receivables of HK\$54,581,000 (2022: HK\$4,134,000) and HK\$313,000 (2022: HK\$935,000), respectively.

Before accepting any new customer, the Group gathers and assesses the credit information of the potential customer in considering the customer's quality and determining the credit limits for that customer. Recoverability and credit limits of the existing customers are reviewed by the Group regularly. At the end of the reporting period, included in the Group's trade receivable balances are receivables with aggregate carrying amount of HK\$51,743,000 (2022: HK\$4,398,000), which are not past due. The directors of the Company considered that trade receivables are of good credit quality given the continuous subsequent settlements from the gaming operator and other customers and forward-looking information such as the economic outlook.

The Group normally allows a credit period with an average of 30 days to the gaming operator and other customers.

As at 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$3,151,000 (2022: HK\$671,000) which are past due as at the reporting date. Out of the past due balances at 31 December 2023, HK\$2,000 (2022: HK\$4,000) was past due 90 days or more and was not considered as in default based on historical repayment pattern from the specific debtors. The Group does not hold any collateral over these balances.

As at 31 December 2023, 94.3% (2022: 86.8%) of the trade receivables that are not credit-impaired have the best credit scoring attributable under the internal credit scoring system used by the Group.

The following is the aged analysis of trade receivables (net of loss allowance) based on the date of monthly statements of service income or the invoice date at the end of the reporting period:

	2023 HK\$'000	2022 HK\$'000
Age:		
0–30 days	51,743	4,398
31–60 days	1,645	225
61–90 days	1,335	421
91–180 days	171	25
	54,894	5,069

- (ii) The amount represented a loan granted by the Group to a third party which is a company incorporated in Japan and principally engaged in the development and manufacture of gaming products. The loan is unsecured, bears interest at the rate of 8% per annum and is guaranteed by a director of an indirect non-wholly owned subsidiary of the Company who also holds an 18% shareholding in this non-wholly owned subsidiary. The maturity date of the outstanding loan principal and accrued interest is 5 October 2024 (2022: 5 October 2023). At 31 December 2023, an amount of the interest receivable of HK\$332,000 (2022: HK\$1,613,000) accrued from the loan was included in other receivables.

Details of impairment assessment of trade and other receivables for the year ended 31 December 2023 are set out in note 39.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

22. AMOUNT DUE FROM A RELATED COMPANY

	As at 31 December		Maximum amount outstanding during the year ended	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Empire Technological Group Limited (note)	2,256	3,816	3,816	7,941

Note: The company is wholly-owned by the brother-in-law of Dr. Chun, an executive director of the Company.

The amount due from a related company is trade in nature, unsecured and interest-free. The amounts of HK\$2,256,000 (2022: HK\$3,816,000) is aged over 365 days (2022: over 180 days) based on invoice date. The balance is not credit-impaired at the end of the reporting period, details of impairment assessment are disclosed in note 39.

23. CONVERTIBLE LOAN

On 1 May 2021, Tong Sin Catering And Import & Export Group Company Limited ("Tong Sin"), an indirect wholly-owned subsidiary of the Company, agreed to subscribe for an unlisted convertible loan (the "Convertible Loan") issued by Shuang Zuan, a joint venture of Tong Sin, at a principal amount of HK\$10,000,000. The Convertible Loan carried interest at 7.2% per annum payable quarterly in arrears with maturity at two years after the date of issue (the "Maturity Date").

The Convertible Loan entitled Shuang Zuan, the issuer, to redeem the whole or part of the principal amount at any time between six months after the issuance of the Convertible Loan and the Maturity Date. The Convertible Loan also entitled Tong Sin, the holder, at its option to convert the principal amount by proportion to percentage of the principal over the total amounts of paid-up capital and outstanding shareholder loans to Shuang Zuan at the Maturity Date. The subscription of the Convertible Loan was completed and the Convertible Loan was issued to Tong Sin on 1 May 2021.

The fair value of conversion option of the Convertible Loan was assessed as insignificant on the initial date of recognition and at 31 December 2022.

The convertible loan matured on 30 April 2023 without the options attached to it being exercised by the issuer or the holder. After 30 April 2023, the convertible loan has been carried as an interest-free loan without any fixed repayment terms.

Movements in the Convertible Loan during the years ended 31 December 2023 and 31 December 2022 are as below:

	HK\$'000
At 1 January 2022	347
Change in fair value recognised in profit or loss	(347)
At 31 December 2022 and 31 December 2023	—

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

24. BANK BALANCES AND CASH

Bank balances carry interest at market rates ranging from 0.01% to 2.05% (2022: 0.01% to 2.65%) per annum.

25. TRADE AND OTHER PAYABLES

	2023 HK\$'000	2022 HK\$'000
Trade payables	16,979	17,858
Accrued staff costs	14,021	4,998
Accrued promotional expenses	19,476	11,097
Deposits received	640	560
Payable for acquisition of property, plant and equipment	4,717	4,717
Other sundry payables	15,224	9,994
Other accrued expenses	7,844	2,993
	78,901	52,217

The following is the aged analysis of trade payables based on the invoice date at the end of the reporting period:

	2023 HK\$'000	2022 HK\$'000
Age:		
0–30 days	6,140	5,540
31–60 days	2,846	2,267
61–90 days	1,648	2,160
91–365 days	5,433	7,430
Over 365 days	912	461
	16,979	17,858

The average credit period of trade payables is 30 days. No interest is charged on the trade payables.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

26. AMOUNTS DUE TO DIRECTORS

The amounts due to directors are unsecured, in non-trade nature, interest-free and repayable on demand.

27. DEFERRED TAX ASSETS/LIABILITIES

	2023	2022
	HK\$'000	HK\$'000
Deferred tax assets	164	—

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the current and prior years.

	Right-of-use assets	Lease liabilities	Total
	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2022	—	—	—
Adjustments (note 2)	1,362	(1,362)	—
As at 1 January 2022 (restated)	1,362	(1,362)	—
Credit (charge) to profit or loss	2,427	(2,427)	—
As at 31 December 2022 (restated)	3,789	(3,789)	—
(Charge) credit to profit or loss	(797)	961	164
As at 31 December 2023	2,992	(2,828)	164

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

28. BANK BORROWINGS

	2023 HK\$'000	2022 HK\$'000
Bank borrowings		
Secured bank mortgage loans (note i)	125,800	120,584
Unsecured bank loan (note ii)	—	539
	125,800	121,123
The bank borrowings are repayable as follows*:		
Within one year	10,150	6,087
Within a period of more than one year but not exceeding two years	10,482	9,736
Within a period of more than two years but not exceeding five years	41,120	31,069
More than five years	64,048	74,231
	125,800	121,123
Less: Amounts due within 12 months shown under current liabilities	(10,150)	(6,087)
	115,650	115,036

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Notes:

(i) At 31 December 2023, the secured bank mortgage loans carried interest at the Lending Prime Rate ("Prime Rate") as quoted by the lending banks from time to time minus 2%–2.85% (2022: Prime Rate minus 2.85%) per annum. The effective interest rates of the bank borrowings as at 31 December 2023 ranged from 3.28% to 4.13% (31 December 2022: 3.03%) per annum.

At 31 December 2023, the bank borrowings were secured by mortgages over the Group's leasehold land and buildings with an aggregate carrying amount of HK\$192,532,000 (2022: HK\$199,938,000). The bank borrowings are denominated in MOP and HK\$.

(ii) At 31 December 2022, the unsecured bank loan carried a fixed interest rate of 4% per annum.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

29. OTHER BORROWINGS

	2023 HK\$'000	2022 HK\$'000
Unsecured other borrowings	6,880	381
The other borrowings are repayable*:		
On demand or within one year	6,637	69
Within a period of more than one year but not exceeding two years	69	69
Within a period of more than two years but not exceeding five years	174	208
More than five years	—	35
Less: Amounts due within 12 months shown under current liabilities	(6,637)	(69)
Amounts due after 12 months shown under non-current liabilities	243	312

* Except for an amount of HK\$6,568,000 (2022: nil) as at 31 December 2023 which is repayable on demand, the other amounts due are based on scheduled repayment dates set out in the loan agreement.

As at 31 December 2023 and 31 December 2022, the unsecured other borrowings were interest-free.

30. LEASE LIABILITIES

	2023 HK\$'000	2022 HK\$'000
Lease liabilities payable:		
Within one year	14,031	13,651
Within a period of more than one year but not more than two years	12,165	13,026
Within a period of more than two years but not more than five years	929	11,573
Less: Amounts due for settlement within 12 months shown under current liabilities	(14,031)	(13,651)
Amounts due for settlement after 12 months shown under non-current liabilities	13,094	24,599

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

30. LEASE LIABILITIES (Continued)

Restrictions or covenants on leases

Lease liabilities of HK\$27,125,000 (2022: HK\$38,250,000) are recognised with related right-of-use assets of HK\$24,262,000 (2022: HK\$35,877,000) as at 31 December 2023. The lease agreements do not impose any covenants other than the security interests in the leased assets (where applicable) that are held by the lessor. The related leased assets may not be used as security for borrowing purposes.

As at 31 December 2023, the amounts are secured by rental deposits with carrying values of HK\$3,427,000 (2022: rental deposit with carrying values of HK\$5,642,000 and a bank deposit with carrying value of HK\$310,000).

31. CONTRACT LIABILITIES

Contract liabilities comprise deposits received from customers in relation to the sale of electronic gaming equipment and systems which are recognised when the goods are approved by the local regulatory authority, delivered, on-site installation is satisfied as per terms of relevant sale contracts and titles have been passed. As at 31 December 2023, the amount of HK\$10,798,000 (2022: HK\$5,010,000) will be recognised as revenue when the Group performs its obligations under the contracts which are expected to be completed within one year from the end of the reporting period, while amount of HK\$1,170,000 (2022: HK\$2,180,000) represents an obligation to transfer goods to the customers at a later date. The fulfilment date of the contract is uncertain at this time, and as a result, the contract liability has been classified as a current liability.

As at 31 December 2023, the increase in contract liabilities was due to more deposits from customers before the Group satisfies the performance obligations (2022: the decrease in contract liabilities was because the Group satisfies the performance obligations under the contracts for which customers placed deposits before). As at 1 January 2022, contract liabilities amounted to HK\$10,912,000. The contract liabilities amounted to HK\$385,000 and HK\$5,075,000, which was included in the contract liabilities balance at the beginning of the year, was recognised as revenue during the years ended 31 December 2023 and 2022, respectively.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

32. LOANS FROM A SHAREHOLDER

	2023 HK\$'000	2022 HK\$'000
Loans from a shareholder of the Company:		
2022 Loan Facility (note i)	—	64,960
2023 Loan Facilities (note ii)	46,348	—
	46,348	64,960
The loans from a shareholder of the Company are repayable as follows*:		
Within one year	20,778	64,960
Within a period of more than one year but not exceeding two years	23,492	—
Within a period of more than two years but not exceeding five years	2,078	—
	46,348	64,960
Less: Amounts due within 12 months shown under current liabilities	(20,778)	(64,960)
Amounts due after 12 months shown under non-current liabilities	25,570	—

* The amounts due are based on scheduled repayment dates set out in relevant deeds of loan.

Notes:

- (i) During the year ended 31 December 2022, the Group entered into a deed of loan which was amended by a deed of amendment (the deed of loan together with its amendment(s) from time to time collectively referred to as the "Deed of Loan") with Dr. Chun, a shareholder and an executive director of the Company, pursuant to which Dr. Chun agreed to provide a loan facility (the "2022 Loan Facility") amounting to HK\$120,000,000 to the Group to strengthen the liquidity of the Group. The loans drawn down under the 2022 Loan Facility were unsecured, carried interest at 10% per annum and had an original maturity date of 31 December 2023.

During the year ended 31 December 2023, the Deed of Loan was further amended pursuant to which the maturity date of the 2022 Loan Facility was extended from 31 December 2023 to 31 March 2024 and a clause was added to permit any amounts repaid by the Group could be re-drawn or re-borrowed during the term of the Deed of Loan. The loans drawn down under the 2022 Loan Facility was early settled in full during the year ended 31 December 2023.

Except for an amount of HK\$6,960,000 as at 31 December 2022 which was denominated in Renminbi, the outstanding amounts under the 2022 Loan Facility as at 31 December 2022 were denominated in HK\$.

- (ii) During the year ended 31 December 2023, the Group entered into two other deeds of loan with Dr. Chun pursuant to which Dr. Chun agreed to provide term loan facilities (the "2023 Loan Facilities") with an aggregate amount of HK\$70,000,000 for a 3-year period to the Group. The loans are unsecured, carry interest at 12.5% per annum and are repayable in monthly instalments. During the year ended 31 December 2023, the loans had been fully drawn down by the Group.

The outstanding amounts under the 2023 Loan Facilities as at 31 December 2023 were denominated in HK\$.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

33. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.001 each		
Authorised:		
At 1 January 2022, 31 December 2022 and 31 December 2023	1,000,000,000	1,000,000
Issued and fully paid:		
At 1 January 2022, 31 December 2022 and 31 December 2023	1,052,185	1,052

34. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2023, property, plant and equipment of HK\$1,608,000 were settled by utilising deposits paid for acquisitions of property, plant and equipment (2022: HK\$400,000).

During the year ended 31 December 2022, property, plant and equipment of HK\$12,710,000 were transferred to inventories. There was no such transaction during the year ended 31 December 2023.

During the year ended 2023, property, plant and equipment of HK\$438,000 (2022: nil) were transferred from inventories.

During the year ended 31 December 2023, an interim dividend was declared by a non-wholly owned subsidiary of the Company. The non-controlling shareholder of the subsidiary assigned its dividend entitled amounting to HK\$2,700,000 (2022: nil) to the borrower of the loan mentioned in note 21(ii) for partial settlement of the loan principal and interest payable by the borrower to the Group.

35. PLEDGE OF ASSETS

At 31 December 2023, the Group's leasehold land and buildings and bank deposits with carrying amounts of HK\$192,532,000 (2022: HK\$199,938,000) and HK\$47,346,000 (2022: HK\$31,174,000) as set out in notes 14 and 19, respectively, were pledged to banks to secure for bank borrowings and certain facilities granted by the banks to the Group.

36. CAPITAL COMMITMENTS

	2023 HK\$'000	2022 HK\$'000
Capital expenditure in respect of property, plant and equipment contracted for but not provided for in the consolidated financial statements	5,463	6,618

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

37. RETIREMENT BENEFIT SCHEMES

The Group contributes to a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. Under the scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. The assets of the schemes are held separately from those of the Group, in funds under the control of the independent trustees. The Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by employees.

The employees of the Group in Macau are members of state-managed retirement benefit schemes operated by the Macau government. The Group is required to contribute a certain percentage of its payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the scheme.

As stipulated by the rules and regulations in the PRC, the Group contributes to retirement funds schemes managed by a social security bureau in the PRC. The Group contributes a certain percentage of the basic salaries of its employees to the retirement funds schemes to fund the benefits.

The total cost of retirement benefit schemes charged to profit or loss of HK\$2,203,000 (2022: HK\$2,701,000) represents contributions paid or payable to the above schemes by the Group.

The Group does not forfeit any contributions on behalf of its employee who leave the retirement benefit schemes prior to vesting fully in the schemes during both years. There is no forfeited contribution available for the Group to reduce its existing level of contributions to the retirement benefit schemes during and at the end of the reporting period.

38. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt and equity of the Company, comprising issued share capital disclosed in note 33 and reserves as disclosed in consolidated statement of changes in equity. The management of the Group reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as new borrowings. The Group's approach to capital management remains unchanged throughout the year.

39. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2023 HK\$'000	2022 HK\$'000
Financial assets		
Financial assets at amortised cost	<u>201,717</u>	<u>88,757</u>
Financial liabilities		
Financial liabilities at amortised cost	<u>218,384</u>	<u>221,366</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments are listed in above table. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Foreign currency risk

Foreign currency risk refers to the risk that movement in foreign currency exchange rates will affect the Group's financial results and its cash flows. Several subsidiaries of the Company have foreign currency sales and purchases, but the management of the Group considers the amount of foreign currency sales and purchases to be insignificant. The management of the Group considers that the Group is not exposed to significant foreign currency risk in relation to transactions denominated in MOP and US\$ as MOP is pegged to HK\$ and HK\$ is pegged to US\$.

The Group has certain insignificant bank balances which are denominated in Renminbi ("RMB") and Euro ("EUR") (being currencies other than the functional currency of the relevant group entities), which the management of the Group considers that the Group is not exposed to significant foreign currency risk.

The Group also has certain loans from a shareholder which are denominated in RMB amounting to HK\$6,960,000 as at 31 December 2022. The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The following details the Group's sensitivity to a reasonably possible change of 5.0% in exchange rates of RMB against HK\$, while all other variables are held constant as at 31 December 2022. 5.0% is the sensitivity rate used when reporting foreign currency risk internally to the key management personnel and represents the management's assessment of the reasonably possible change in foreign currency rate. The sensitivity analysis includes only outstanding foreign currency denominated loans from a shareholder and adjusts their translation at the end of the reporting period for a 5.0% change in foreign currency rate. For a 5.0% strengthening in RMB against HK\$, the Group's loss for the year would be increased by HK\$348,000. If RMB had been weakened against HK\$ in an opposite magnitude and all other variables were held constant, the potential effect on the results would be equal and opposite.

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate convertible loan, loan receivable, pledged bank deposits, lease liabilities, unsecured bank loan and loans from a shareholder. The Group is also exposed to cash flow interest rate risk in relation to its variable-rate bank balances and secured bank mortgage loans. The Group currently does not have policy on cash flow hedges of interest rate risk. However, the management of the Group monitors the interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk (Continued)

Interest expenses on financial liabilities not measured at FVTPL:

	2023 HK\$'000	2022 HK\$'000
Financial liabilities at amortised cost	14,797	6,855

The Group's sensitivity to cash flow interest rate risk has been determined based on the exposure to interest rates for those variable-rate bank balances and secured bank mortgage loans at the end of the reporting period and management's assessment of the reasonably possible change in the interest rate assuming that it took place at the beginning of each year and was held constant throughout the respective year.

If interest rates for variable-rate bank balances and secured bank mortgage loans had been 5 basis points and 50 basis points (2022: 5 basis points and 50 basis points) higher, respectively, and all other variables held constant, the potential effect on profit (loss) for the year:

	2023 HK\$'000	2022 HK\$'000
Increase (decrease) in profit for the year (2022: Decrease (increase) in loss for the year)		
– Variable-rate bank balances	29	8
– Variable-rate bank borrowings	(629)	(603)
	(600)	(595)

If interest rates had been lowered in an opposite magnitude and all other variables were held constant, the potential effect on the results would be equal and opposite.

Credit risk and impairment assessment

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2023 and 2022 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables arising from contracts with customers (including amount due from a related company and amount due from a joint venture in trade nature)

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. The Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix, and considers the credit risk is insignificant to recognise loss allowance for the trade receivables from contracts with customers (including amount due from a related company) of HK\$56,837,000 (2022: HK\$7,950,000).

In addition, for the amount due from a joint venture in trade nature with gross carrying amount of HK\$1,173,000 (2022: HK\$1,173,000), which is not formed part of the long-term interest, an impairment allowance based on lifetime ECL of HK\$1,173,000 (2022: HK\$1,173,000) was made for the credit-impaired amount due from a joint venture in trade nature as at 31 December 2023, as the directors of the Company consider the outstanding balance was uncollectible.

The Group has concentration of credit risk as 71% (2022: 43%) and 94% (2022: 100%) of the total trade receivables and amount due from a related company, which were due from the Group's largest customer and the five largest customers, respectively. The directors of the Company consider that there is no significant credit risk on the trade receivables from the five largest customers given their strong financial background and good creditability. The remaining trade receivables balances are spread over a number of customers.

The Group has taken into account the economic outlook of the industry in which the related company operates, and concluded that there has been no significant increase in credit risk since initial recognition. The ECL on amount due from a related company are considered to be insignificant.

Pledged bank deposits/bank balances

For the pledged bank deposits of HK\$47,346,000 (2022: HK\$31,174,000) and bank balances of HK\$57,833,000 (2022: HK\$15,525,000), no allowance for impairment was made since the directors of the Company consider the probability of default is negligible as such amounts are receivable from or placed in banks in Macau and Hong Kong having good reputation.

Loan receivable

For the loan receivable from the borrower of HK\$6,970,000 (2022: HK\$7,799,000), no allowance for impairment was made since the directors of the Company consider the loss given default is minimal with reference to a guarantee provided by a director of a non-wholly owned subsidiary of the Company who also holds an 18% shareholding in this non-wholly owned subsidiary.

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Refundable rental deposits/other receivables/lease receivables

For non-current refundable rental deposits of HK\$6,507,000 (2022: HK\$5,509,000), deposit paid to SJM Resorts for the Group's provision of casino management services of HK\$12,114,000 (2022: nil), other receivables of HK\$12,003,000 (2022: HK\$15,211,000) (including current refundable rental deposits of HK\$937,000 (2022: HK\$4,138,000) and remaining other receivables of HK\$11,066,000 (2022: HK\$11,073,000) and lease receivables of HK\$313,000 (2022: HK\$935,000) at 31 December 2023, no allowance for impairment was made since the directors of the Company consider the probability of default is minimal after assessing the counter-parties' financial background and creditability.

Amount due from a joint venture in non-trade nature

For the amount due from a joint venture with gross carrying amount of HK\$8,585,000 (2022: HK\$8,585,000) before share of losses of a joint venture that are considered as part of long-term interest as of 31 December 2023, the carrying amount was reduced by share of post-acquisition losses of HK\$8,585,000 (2022: HK\$8,585,000) to Nil (2022: Nil). Accordingly, no allowance for impairment is made in respect of such amount due from a joint venture as at 31 December 2023 and 2022.

In addition, for the amount due from a joint venture in non-trade nature with gross carrying amount of HK\$859,000 (2022: HK\$859,000), which is not formed part of the long-term interest, an impairment allowance based on lifetime ECL of HK\$859,000 (2022: HK\$859,000) was made for the credit-impaired amount due from a joint venture in non-trade nature as at 31 December 2023, as the directors of the Company consider the outstanding balance was uncollectible.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group considers that the Group's liquidity risk is duly monitored.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its financial liabilities that will result in cash outflow. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

	Weighted average effective interest rate	Less than 1 month or repayable on demand	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2023								
Trade and other payables	N/A	37,560	—	—	—	—	37,560	37,560
Amounts due to directors	N/A	1,796	—	—	—	—	1,796	1,796
Bank borrowings	3.35	1,186	2,368	10,662	63,645	69,928	147,789	125,800
Other borrowings	N/A	6,568	—	69	243	—	6,880	6,880
Lease liabilities	14.20	1,535	2,932	12,335	13,969	—	30,771	27,125
Loans from a shareholder	12.50	2,114	4,229	19,030	27,473	—	52,846	46,348
		50,759	9,529	42,096	105,330	69,928	277,642	245,509
2022								
Trade and other payables	N/A	33,129	—	—	—	—	33,129	33,129
Amounts due to directors	N/A	1,773	—	—	—	—	1,773	1,773
Bank borrowings	3.03	625	1,293	7,680	50,351	81,605	141,554	121,123
Other borrowings	N/A	—	—	69	312	—	381	381
Lease liabilities	9.87	1,451	2,902	13,057	28,163	—	45,573	38,250
Loans from a shareholder	10.00	—	—	71,456	—	—	71,456	64,960
		36,978	4,195	92,262	78,826	81,605	293,866	259,616

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

39. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value

Other than the convertible loan, fair value of financial assets and financial liabilities was determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Valuation techniques and significant unobservable inputs are used to determine the fair value of convertible loan. The fair value measurement is classified as Level 3 under fair value hierarchy.

Convertible loan is measured at fair value at the end of the reporting period. The following table gives information about how the fair value of the financial assets is determined (in particular, the valuation technique(s) and inputs used).

Fair value of the convertible loan that was measured at fair value as at 31 December 2022 on a recurring basis is as follows:

Financial asset	Fair value HK\$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Sensitivity/relationship of unobservable inputs to fair value
Financial asset at FVTPL: Convertible loan	31 December 2022: Nil	Level 3	Discounted cash flow model with discount rate as the key input	31 December 2022: 15.56%	N/A

During the year ended 31 December 2022, unrealised loss from change in fair value of convertible loan of HK\$347,000 was recognised in the consolidated financial statements of the Group (included in other income, gains and losses). The convertible loan matured on 30 April 2023 without the options attached to it being exercised by the issuer or the holder. After 30 April 2023, the convertible loan has been carried as an interest-free loan without any fixed repayment terms.

The directors of the Company consider that the carrying amounts of all financial assets and financial liabilities recorded at amortised cost at the end of each reporting period approximate their corresponding fair values.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Amounts				Loans		Total
	Lease liabilities	due to directors	Bank borrowings	Other borrowings	from a shareholder	Interest payables	
	HK\$'000 (Note 30)	HK\$'000 (Note 26)	HK\$'000 (Note 28)	HK\$'000 (Note 29)	HK\$'000 (Note 32)	HK\$'000 (Note)	HK\$'000
At 1 January 2022	21,386	1,740	129,165	450	—	134	152,875
Net financing cash flows	(11,347)	33	(8,042)	(69)	64,960	(6,836)	38,699
Termination of lease contracts	(1,608)	—	—	—	—	—	(1,608)
Interest expenses	660	—	—	—	—	6,855	7,515
New leases entered	29,652	—	—	—	—	—	29,652
Covid-19-related rent concessions	(227)	—	—	—	—	—	(227)
Exchange adjustment	(266)	—	—	—	—	—	(266)
At 31 December 2022	38,250	1,773	121,123	381	64,960	153	226,640
Net financing cash flows	(18,137)	23	4,677	6,499	(18,612)	(14,612)	(40,162)
Termination of lease contracts	(1,889)	—	—	—	—	—	(1,889)
Interest expenses	3,851	—	—	—	—	14,797	18,648
New leases entered	5,090	—	—	—	—	—	5,090
Exchange adjustment	(40)	—	—	—	—	—	(40)
At 31 December 2023	27,125	1,796	125,800	6,880	46,348	338	208,287

Note: The amount is included in trade and other payables as set out in note 25.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

41. RELATED PARTY TRANSACTIONS

Except for disclosure elsewhere in the consolidated financial statements, the Group had the following significant transactions during the year with related parties:

	2023 HK\$'000	2022 HK\$'000
Sale/leasing of electronic gaming equipment and systems (note i)	—	21,311
Consultancy fee (note ii)	—	60
Staff costs (note iii)	1,989	2,720
Sales of frozen food and products (note iv)	—	794
Interest on convertible loan (note iv)	—	357
Interest on loans from a shareholder (note v)	10,783	3,753
Marketing and promotion fee (note vi)	798	—
Storage fee (note vi)	1,946	—

Notes:

- (i) The related party is a company wholly-owned by the brother-in-law of Dr. Chun, an executive director of the Company. The transactions were charged at pre-determined amounts agreed between the parties involved. These transactions constituted continuing connected transactions for the purpose of Chapter 14A of the Listing Rules for the year ended 31 December 2022.
- (ii) The related party is the brother-in-law of Dr. Chun, an executive director of the Company. The transactions were charged at pre-determined amounts agreed between the parties involved.
- (iii) The related party is the spouse of Dr. Chun, an executive director of the Company. The transactions were charged at pre-determined amounts agreed between the parties involved.
- (iv) The related party is a joint venture of the Group. The transactions were charged at pre-determined amounts agreed between the parties involved.
- (v) The related party is Dr. Chun, an executive director of the Company.
- (vi) The related parties are companies controlled by Dr. Chun, an executive director of the Company. The transactions were charged at pre-determined amounts agreed between the parties involved.
- (vii) Key management personnel compensation represents the amounts paid to the directors of the Company, details of which are set out in note 10.
- (viii) Transactions described in notes (ii), (iii), (v), (vi) and (vii) above constituted continuing connected transactions which were fully exempt from announcement, shareholders' approval, annual review and reporting requirements under Chapter 14A of the Listing Rules for the relevant year(s). Transactions described in note (iv) above do not fall under the definition of connected transactions or continuing connected transactions for the purpose of Chapter 14A of the Listing Rules.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

42. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

The Company adopted the share option scheme ("Share Option Scheme") on 25 May 2017 for the purposes of providing incentives or rewards to the eligible participants for the contribution to the success of the Group's operations. Eligible participants of the Share Option Scheme include, among others, the directors of the Company (including independent non-executive directors), full-time or part-time employees, executives or officers of the Group, advisors, consultants, suppliers, customers and agents. The Share Option Scheme will be valid and effective for a period of 10 years from the date of adoption of the Share Option Scheme. Accordingly, the remaining life of the Share Option Scheme is approximately 3 years.

The maximum number of shares of the Company ("Shares") which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme must not exceed 30% of the total number of Shares in issue from time to time. The maximum number of Shares issued and to be issued upon exercise of the options granted and to be granted to each eligible participant in any 12-month period must not exceed 1% of the Company's issued share capital from time to time. Any grant or further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting of the Company.

Each grant of share options to a director, chief executive or substantial shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive directors. In addition, any grant of share options to a substantial shareholder of the Company or an independent non-executive director, or to any of their associates, resulting in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in a 12-month period up to and including the date of such grant in excess of 0.1% of the Shares in issue and with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK\$5 million, is subject to shareholders' approval in advance in a general meeting of the Company.

The period during which an option may be exercised is determined by the board of directors of the Company in its absolute discretion, save that such period shall not be longer than 10 years from the date of grant. The minimum period for which an option must be held before it can be exercised is determined by the board of directors upon the grant of an option.

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the option is duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 as consideration for the grant of the option, is received by the Company within 21 days after the date of offer.

The exercise price of share options is determined by the directors of the Company, but shall not be less than the highest of (i) the nominal value of the Shares; (ii) the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of offer of the share options; and (iii) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of offer.

42. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme of the Company (Continued)

No options were granted by the Company, exercised, cancelled or lapsed under the Share Option Scheme and no equity-settled employees' benefit (including directors' emoluments) was recognised during the years ended 31 December 2023 and 2022. There was no share option outstanding under the Share Option Scheme as at 1 January 2023, during the year ended 31 December 2023 and 2022.

As at the date of this report, the total number of Shares available for issue under the Share Option Scheme is 105,218,531 Shares, representing 10% of the Shares in issue as at the date of adoption of the Share Option Scheme, that is 25 May 2017, and as at the date of this report.

Equity-settled share award scheme of the Company

The Company adopted the share award scheme ("Share Award Scheme") on 11 November 2019 for the purposes of, among others, providing incentives and/or rewards to the eligible participants for the contribution to the development and success of the Group. Eligible participants of the Share Award Scheme include, among others, the directors of the Company (including Executive Directors, non-executive directors and independent non-executive directors), the directors of the Company's subsidiaries, the employees of the Group or any other persons as determined by the board of directors whom the board of directors considers, in its absolute discretion, have contributed or will contribute to the Group. The Share Award Scheme shall be valid and effective for a term of 10 years commencing on the date of adoption of the Share Award Scheme.

Under the Share Award Scheme, the board of directors shall not make any further award which will result in the aggregate number of Shares underlying all awards granted by the board of directors under the Share Award Scheme exceeding 10% of the total number of issued Shares as at the date of adoption of the Share Award Scheme. Except as otherwise approved by the board of directors, the maximum aggregate number of Shares underlying the awards that may be granted to any grantee under the Share Award Scheme shall not exceed 1% of the total number of issued Shares as at the date of adoption of the Share Award Scheme. Any grant of an award to any director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company, or any of their respective associates (as defined in the Listing Rules), shall be subject to the prior approval of the independent non-executive directors (excluding any independent non-executive director who is the proposed grantee of the award in question) and all grants to connected persons (as defined in the Listing Rules) shall be subject to compliance with the requirements of the Listing Rules.

The Share Award Scheme shall terminate on the earlier of: (i) the tenth anniversary date of the adoption date of the Share Award Scheme; and (ii) such date of early termination as determined by a resolution of the board of directors, provided that such termination shall not affect any subsisting rights of any grantee under the Share Award Scheme. In the event of termination, no further awards may be offered or granted but the terms of the Share Award Scheme shall remain in full force and effect in respect of awards which are granted during the term of the Share Award Scheme and which remain unvested immediately prior to the termination of the Share Award Scheme.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

42. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share award scheme of the Company (Continued)

In December 2019, the Company appointed a trustee in connection with the Share Award Scheme (the "Trustee") to assist with the administration and vesting of awards under the Share Award Scheme and the trust deed executed in such connection.

No awards were granted by the Company under the Share Award Scheme since its adoption and up to 31 December 2023. Accordingly, during the year ended 31 December 2023, no Shares were purchased by the Trustee, and no awards were vested under the Share Award Scheme.

43. FINANCIAL INFORMATION OF THE COMPANY

The financial information of the Company as at 31 December 2023 and 2022 is as follows:

	2023 HK\$'000	2022 HK\$'000
Non-current asset		
Interests in subsidiaries	219,069	158,087
Current assets		
Prepayments and deposits	476	261
Bank balances and cash	545	732
	1,021	993
Current liabilities		
Other payables	1,955	1,824
Amounts due to directors	69	45
	2,024	1,869
Net current liabilities	(1,003)	(876)
Net assets	218,066	157,211
Capital and reserves		
Share capital	1,052	1,052
Reserves	217,014	156,159
	218,066	157,211

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

43. FINANCIAL INFORMATION OF THE COMPANY (Continued)

Movement in reserves:

	Contributed surplus HK\$'000 (note)	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2022	1,042,083	(725,032)	317,051
Loss and total comprehensive expense for the year	—	(160,892)	(160,892)
At 31 December 2022	1,042,083	(885,924)	156,159
Profit and total comprehensive income for the year	—	60,855	60,855
At 31 December 2023	1,042,083	(825,069)	217,014

Note: The contributed surplus represents the aggregate of: (i) the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amounts of the issued share capital and the share premium of LifeTec (Holdings) Limited, the subsidiary which was acquired by the Company pursuant to the group reorganisation in 1996; (ii) the effects of the capital reduction, share premium cancellation and the elimination to accumulated losses took place in 1999 and 2013; (iii) the effect of the reduction of share premium took place in 2017; and (iv) the effect of dividend for the year ended 31 December 2018 and paid in 2019.

44. PARTICULARS OF SUBSIDIARIES

(a) General information of subsidiaries

Particulars of the principal subsidiaries of the Company as at 31 December 2023 and 2022 are as follows:

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share/ registered capital	Class of share	The Group's attributable equity interest		Principal activities
				2023 %	2022 %	
Century Force Limited	Macau/Macau	MOP25,000	Ordinary	100	100	Properties holding
Fresh Idea Global Limited	BVI/Hong Kong	US\$1	Ordinary	100	100	Investment holding
Grand Step Game Equipments Factory Limited	Macau/Macau	MOP25,000	Ordinary	100	100	Properties holding
Jiangxi Zhongneng Youchuang Intelligent Technology Co., Ltd. (note ii)	PRC/PRC	RMB10,000,000	Registered capital	100	—	Sale of smart charging equipment
LifeTec (Holdings) Limited	BVI/Hong Kong	HK\$141,176	Ordinary	100	100	Investment holding

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

44. PARTICULARS OF SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share/ registered capital	Class of share	The Group's attributable equity interest		Principal activities
				2023 %	2022 %	
LifeTec Enterprise Limited	Hong Kong/ Hong Kong	HK\$100	Ordinary	100	100	Provision of management and consulting service
LT Capital Limited	BVI/Hong Kong	US\$1	Ordinary	100	100	Investment holding
LT Digital Technology Limited	BVI/Macau	US\$1	Ordinary	100	100	Investment holding and provision of procurement services
LT Game (Canada) Limited	Incorporated in Canada and continued in U.S./ U.S.	CAD100	Ordinary	100	100	Market development
LT Game Limited	BVI/Macau	US\$5,000	Ordinary	82	82	Development, sale and leasing of electronic gaming equipment and systems
LT Macau	Macau/Macau	MOP1,000,000	Ordinary	100	100	Provision of casino management services and operation of electronic gaming equipment and systems
LT Smart Limited	BVI/Macau	US\$1	Ordinary	82	82	Sale and leasing of electronic gaming equipment and systems
MedicTec Technology Company Limited	Macau/Macau	MOP25,000	Ordinary	100	100	Development and sale of high-tech healthcare innovative products
Natural Noble Limited	BVI/Macau	US\$1	Ordinary	100	100	Investment holding
Paradise Digital Technology (Shenzhen) Limited (note i)	PRC/PRC	RMB20,000,000	Registered capital	100	100	Technology and software development
Shenzhen Caijing Software Technology Co., Ltd. (note i)	PRC/PRC	RMB500,000	Registered capital	100	100	Software development

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

44. PARTICULARS OF SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Name of subsidiary	Place of incorporation/operation	Nominal value of issued ordinary share/registered capital	Class of share	The Group's attributable equity interest		Principal activities
				2023 %	2022 %	
Solution Champion Limited	BVI/Hong Kong	US\$1	Ordinary	100	100	Investment holding
Tech (Macau) Limited	Macau/Macau	MOP3,000,000	Ordinary	82	82	Sale and leasing of electronic gaming equipment and systems
Tong Sin	Macau/Macau	MOP\$25,000	Ordinary	100	100	Import, export and sale of frozen food products and packaged meats; and investment holding
Zhuhai Caijing Software Technology Co., Ltd. (note i)	PRC/PRC	RMB6,800,000	Registered capital	100	100	Software development

Notes:

- (i) The subsidiaries established in the PRC are wholly-owned foreign enterprises.
- (ii) The subsidiary established in the PRC is a limited liability company.
- (iii) Other than LifeTec (Holdings) Limited, which is held directly by the Company, all the other subsidiaries are held indirectly by the Company

None of the subsidiaries had any debt securities outstanding at the end of both reporting periods.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affect the results or assets of the Group. To give details of other subsidiaries which are mainly inactive or investment holdings would, in the opinion of the directors of the Company, result in particulars of excessive length.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

44. PARTICULARS OF SUBSIDIARIES (Continued)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Company that have material non-controlling interests:

Name of subsidiary	Place of incorporation/ principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Total comprehensive expense allocated to non-controlling interests		Accumulated non-controlling interests	
		2023	2022	2023	2022	2023	2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
LT Game Limited and its subsidiaries	BVI/Macau	18%	18%	(4,839)	(11,211)	20,840	28,379
Individually immaterial subsidiaries with non-controlling interests						(11)	(3)
						20,829	28,376

LT Game Limited and its subsidiaries

	2023 HK\$'000	2022 HK\$'000
Current assets	116,830	138,943
Non-current assets	16,660	28,720
Current liabilities	17,709	9,014
Non-current liabilities	—	980
Equity attributable to owners of the Company	94,941	129,290
Non-controlling interests of LT Game Limited	20,840	28,379

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

44. PARTICULARS OF SUBSIDIARIES (Continued)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

LT Game Limited and its subsidiaries (Continued)

	2023 HK\$'000	2022 HK\$'000
Revenue	53,929	6,039
Expenses, other gains and losses	80,806	70,752
Loss for the year	(26,877)	(64,713)
Loss for the year attributable to:		
Owners of the Company	(22,040)	(53,064)
Non-controlling interests of LT Game Limited	(4,837)	(11,649)
	(26,877)	(64,713)
Other comprehensive (expense) income for the year attributable to:		
Owners of the Company	(8)	2,002
Non-controlling interests of LT Game Limited	(2)	438
	(10)	2,440
Total comprehensive expense for the year attributable to:		
Owners of the Company	(22,048)	(51,062)
Non-controlling interests of LT Game Limited	(4,839)	(11,211)
	(26,887)	(62,273)
Dividend recognised as distribution to non-controlling interests of LT Game Limited	2,700	—
Net cash from operating activities	3,412	8,948
Net cash used in investing activities	(487)	(18,816)
Net cash used in financing activities	(1,240)	(1,623)
Net cash inflow (outflow)	1,685	(11,491)

Financial Summary

For the year ended 31 December 2023

A summary of the audited consolidated results and assets and liabilities of the Group for the past five financial years is set out below:

RESULTS

	Year ended 31 December				
	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
Revenue	634,281	297,820	494,126	351,739	1,181,754
Profit (loss) before taxation	62,240	(170,962)	(87,992)	(189,709)	6,002
Taxation (charge) credit	(1,303)	4,632	(375)	(2,402)	4,558
Profit (loss) for the year	60,937	(166,330)	(88,367)	(192,111)	10,560
Profit (loss) for the year attributable to:					
— Owners of the Company	65,782	(154,565)	(86,115)	(189,152)	926
— Non-controlling interests	(4,845)	(11,765)	(2,252)	(2,959)	9,634
	60,937	(166,330)	(88,367)	(192,111)	10,560

ASSETS AND LIABILITIES

	At 31 December				
	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
Total assets	522,392	447,268	551,260	660,450	909,231
Total liabilities	(303,878)	(289,578)	(232,233)	(254,391)	(300,747)
	218,514	157,690	319,027	406,059	608,484
Total equity attributable to:					
— Owners of the Company	197,685	129,314	279,896	364,592	556,615
— Non-controlling interests	20,829	28,376	39,131	41,467	51,869
	218,514	157,690	319,027	406,059	608,484

The following expressions shall, unless the content otherwise states, have the following meanings:

“2024 AGM”	the forthcoming annual general meeting of the Company to be held on 23 May 2024
“Adjusted EBITDA”	the Group’s profit or loss for the year before interest income, finance costs, taxation, depreciation of property, plant and equipment, gain or loss on disposal/write-off of property, plant and equipment, depreciation of right-of-use assets, gain or loss on early termination of lease contracts, gain or loss from change in fair value of convertible loan, amortisation of intangible assets, gain or loss on acquisition or disposal of subsidiaries and costs incurred or associated with corporate exercises or potential projects, where applicable
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“Bye-Laws”	The bye-laws of the Company, as amended from time to time, and “Bye-Law” shall mean a bye-law of the Bye-Laws
“CG Code”	the Corporate Governance Code contained in Appendix C1 (previously Appendix 14) to the Listing Rules
“Company”	Paradise Entertainment Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Dr. Chun”	Dr. Jay Chun, the controlling Shareholder, a Co-chairman of the Board, an executive Director and the Managing Director of the Company
“ESG”	environmental, social and governance
“ESG Report”	the ESG report of the Group for the year ended 31 December 2023
“ETG”	electronic table game
“E-Vehicles”	electric motorcycles, bicycles and vehicles, etc.
“GGR”	gross gaming revenue, being total net win generated by all casino gaming activities combined, calculated before deduction of commissions and other expenses, if any
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

Definitions (Continued)

“IGT”	a Nevada corporation and a subsidiary of International Game Technology PLC, which is listed on the New York Stock Exchange under the trading symbol “IGT”
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LMG”	live multi game
“Macao” or “Macau”	the Macao Special Administrative Region of the PRC
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 (previously Appendix 10) to the Listing Rules
“MOP”	Macau Pataca, the lawful currency of Macau
“Mr. Feng”	Mr. Linyi Feng, the brother-in-law of Dr. Chun
“Nomination Committee”	the nomination committee of the Board
“PRC”	the People’s Republic of China
“Remuneration Committee”	the remuneration committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Share Award Scheme”	the share award scheme of the Company adopted by the Company on 11 November 2019
“Share Option Scheme”	the share option scheme of the Company adopted by the Company on 25 May 2017
“Shareholder(s)”	holder(s) of the Shares
“SJM Resorts”	SJM Resorts, Limited, one of the concessionaires for operation of casinos in Macau
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“U.S.”	the United States of America
“US\$”	the United States dollars, the lawful currency of the U.S.
“%”	per cent