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PARADISE ENTERTAINMENT LIMITED

滙彩控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1180)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

RESULTS

The Board announces the unaudited consolidated interim results of the Group for the six months ended 30 June 2026 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

	Notes	Six months ended 30 June 2026 HK\$'000 (unaudited)	2025 HK\$'000 (unaudited and restated)
Continuing operations			
Revenue	3	41,281	125,367
Cost of sales and services		(6,643)	(28,108)
Gross profit		34,638	97,259
Other income, gains and losses		10,496	16,937
Marketing, selling and distribution costs		(4,075)	(1,310)
Operating and administrative expenses		(121,752)	(75,870)
Finance costs	5	(1,517)	(3,021)
Share of result of an associate		—	5
(Loss) profit before taxation	6	(82,210)	34,000
Taxation	7	(357)	(5,000)
(Loss) profit for the period from continuing operations		(82,567)	29,000
Discontinued operation			
Profit for the period from a discontinued operation	9	—	148,781
(Loss) profit for the period		(82,567)	177,781
(Loss) profit for the period attributable to owners of the Company:			
— From continuing operations		(71,751)	23,678
— From a discontinued operation		—	148,781
		(71,751)	172,459
(Loss) profit for the period attributable to non-controlling interests:			
— From continuing operations		(10,816)	5,322
		(82,567)	177,781
		HK cents (unaudited)	HK cents (unaudited)
Basic (loss) earnings per Share:	10		
— From continuing and discontinued operations		(6.8)	16.4
— From continuing operations		(6.8)	2.3

* For identification purposes only

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(unaudited)	(unaudited and restated)
(Loss) profit for the period	(82,567)	177,781
Other comprehensive income (expense) for the period:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	79	(3,332)
Reclassification of cumulative translation reserve upon disposal of foreign operations	—	47
	<u>79</u>	<u>(3,285)</u>
Total comprehensive (expense) income for the period	<u>(82,488)</u>	<u>174,496</u>
Total comprehensive (expense) income for the period attributable to:		
— Owners of the Company	(71,733)	169,736
— Non-controlling interests	<u>(10,755)</u>	<u>4,760</u>
	<u>(82,488)</u>	<u>174,496</u>
Total comprehensive (expense) income for the period attributable to owners of the Company:		
— From continuing operations	(71,733)	20,955
— From a discontinued operation	<u>—</u>	<u>148,781</u>
	(71,733)	169,736
Total comprehensive (expense) income for the period attributable to non-controlling interests:		
— From continuing operations	<u>(10,755)</u>	<u>4,760</u>
	<u>(82,488)</u>	<u>174,496</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

		At 30 June 2026 <i>HK\$'000</i> (unaudited)	At 31 December 2025 <i>HK\$'000</i> (audited)
	Notes		
Non-current assets			
Property, plant and equipment		188,696	188,808
Right-of-use assets		11,134	12,898
Intangible assets		—	—
Interests in an associate		15	15
Deferred tax assets		70	439
Other receivables and deposits		14,255	3,031
Pledged bank deposits		—	49,771
		<u>214,170</u>	<u>254,962</u>
Current assets			
Inventories		32,267	29,447
Trade and other receivables	11	46,909	53,474
Amount due from a related company		2,256	2,256
Pledged bank deposits		53,353	1,116
Bank balances and cash		234,990	378,122
		<u>369,775</u>	<u>464,415</u>
Current liabilities			
Trade and other payables	12	87,312	101,070
Amounts due to Directors		1,449	3,827
Taxation payable		9,190	9,190
Bank borrowings — due within one year		20,040	11,281
Other borrowing — due within one year		46	46
Lease liabilities		6,673	7,886
Contract liabilities		8,770	9,834
Loans from a Shareholder		—	2,078
		<u>133,480</u>	<u>145,212</u>
Net current assets		<u>236,295</u>	<u>319,203</u>
Total assets less current liabilities		<u>450,465</u>	<u>574,165</u>

	At 30 June 2026 <i>HK\$'000</i> (unaudited)	At 31 December 2025 <i>HK\$'000</i> (audited)
Non-current liabilities		
Bank borrowings — due after one year	79,004	93,399
Other borrowing — due after one year	139	162
Lease liabilities	5,035	5,524
	<u>84,178</u>	<u>99,085</u>
Net assets	<u>366,287</u>	<u>475,080</u>
Capital and reserves		
Share capital	1,052	1,052
Reserves	348,185	446,223
Equity attributable to owners of the Company	349,237	447,275
Non-controlling interests	17,050	27,805
Total equity	<u>366,287</u>	<u>475,080</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange.

The condensed consolidated financial statements are presented in HK\$, which is also the functional currency of the Company, and have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the HKICPA as well as the applicable disclosure requirements of the Listing Rules.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2025.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2026 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11

The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE

Continuing operations

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

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(unaudited)	(unaudited and restated)
Gaming systems:		
— Macau		
Sale of electronic gaming equipment and systems, recognised at a point in time	30,285	123,744
Leasing of electronic gaming equipment and systems		
— variable operating lease payments	—	1,276
	<u>30,285</u>	<u>125,020</u>
— Overseas		
Sale of electronic gaming equipment and systems, recognised at a point in time	1,274	185
Leasing of electronic gaming equipment and systems		
— variable operating lease payments	722	162
	<u>1,996</u>	<u>347</u>
	<u>32,281</u>	<u>125,367</u>
Advisory services:		
Provision of professional advisory and other services, recognised over time	9,000	—
	<u>41,281</u>	<u>125,367</u>
Analysis of revenue:		
Recognised over time	9,000	—
Recognised at a point in time	31,559	123,929
	<u>40,559</u>	<u>123,929</u>
Revenue recognition for revenue from contracts with customers	40,559	123,929
Leasing income — variable operating lease payments	722	1,438
	<u>41,281</u>	<u>125,367</u>

4. SEGMENT INFORMATION

The executive Directors have been identified as the chief operating decision makers (the “CODM”). The CODM review the business with the following reportable and operating segments:

Gaming systems	— Development, sale and leasing of electronic gaming equipment and systems and royalty income
Advisory services	— Provision of professional advisory and other services

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 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.

A reportable and operating segment regarding the provision of casino management services in Macau was discontinued during the year ended 31 December 2025. The segment information reported in this note does not include any amount for the discontinued operation.

Continuing operations

Information regarding the above segments is reported below:

For the six months ended 30 June 2026 (unaudited)

	Gaming systems <i>HK\$'000</i>	Advisory services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>32,281</u>	<u>9,000</u>		<u>41,281</u>
Segment results	<u>(55,455)</u>	<u>(6,164)</u>		<u>(61,619)</u>
Unallocated corporate income				8,845
Unallocated corporate expenses				(27,919)
Finance costs				<u>(1,517)</u>
Loss before taxation				(82,210)
Taxation				<u>(357)</u>
Loss for the period				<u>(82,567)</u>
Other information				
Capital expenditure	4,471	15	48	4,534
Depreciation of property, plant and equipment	5,109	—	200	5,309
Depreciation of right-of-use assets	1,181	—	3,138	4,319
Gain on disposal of property, plant and equipment	<u>(1)</u>	<u>—</u>	<u>—</u>	<u>(1)</u>

For the six months ended 30 June 2025 (unaudited and restated)

	Gaming systems <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>125,367</u>		<u>125,367</u>
Segment results	<u>48,509</u>		48,509
Unallocated corporate income			10,417
Unallocated corporate expenses			(21,910)
Finance costs			(3,021)
Share of result of an associate			<u>5</u>
Profit before taxation			34,000
Taxation			<u>(5,000)</u>
Profit for the period			<u>29,000</u>
Other information			
Capital expenditure	8,520	26	8,546
Depreciation of property, plant and equipment	4,390	677	5,067
Depreciation of right-of-use assets	1,049	1,307	2,356
Loss on disposal/write-off of property, plant and equipment	—	668	668
Gain on disposal of subsidiaries	<u>—</u>	<u>(965)</u>	<u>(965)</u>

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.

Geographical information

The Group's operations are principally located in Macau.

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

	Six months ended 30 June	
	2026 <i>HK\$'000</i> (unaudited)	2025 <i>HK\$'000</i> (unaudited and restated)
Macau	39,285	125,020
Others	<u>1,996</u>	<u>347</u>
	<u>41,281</u>	<u>125,367</u>

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

Information about major customers

During the six months ended 30 June 2026, revenue derived from three (six months ended 30 June 2025: four) customers, which individually contributed over 10% of the Group's revenue from continuing operations, is as follows:

	Six months ended 30 June	
	2026	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited and restated)
Customer A	16,167	20,109
Customer B	10,684	17,645
Customer C	9,315	23,607
Customer D	N/A	55,684

Note: Other than the revenue derived from advisory services segment of HK\$9,000,000 included in the revenue from Customer A for the six months ended 30 June 2026, all revenue as shown in the above table represented revenue derived from gaming systems segment.

5. FINANCE COSTS

Continuing operations

	Six months ended 30 June	
	2026	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited and restated)
Interest on:		
— bank borrowings	1,252	1,526
— loans from a Shareholder	12	1,249
— lease liabilities	253	246
	<u>1,517</u>	<u>3,021</u>

6. (LOSS) PROFIT BEFORE TAXATION

Continuing operations

Six months ended 30 June
2026 2025
HK\$'000 HK\$'000
(unaudited) (unaudited
and restated)

(Loss) profit before taxation has been arrived at after charging:

Staff costs (including Directors' emoluments)

— Salaries and other benefits

— Retirement benefit scheme contributions

50,753	32,561
2,725	1,731

Total staff costs

53,478 34,292

Cost of inventories recognised as expenses

(included in cost of sales and services)

5,041 26,288

Cost of inventories recognised as expenses

(included in operating and administrative expenses)

5,510 7,555

Depreciation of property, plant and equipment

5,309 5,067

Depreciation of right-of-use assets

4,319 2,356

Short-term lease rentals in respect of rented premises

2,221 7

Research and development expenditure (*note*)

(included in operating and administrative expenses)

31,272 22,111

Loss on disposal/write-off of property, plant and equipment

(included in other income, gains and losses)

— 668

and after crediting:

Bank interest income

(included in other income, gains and losses)

3,298 2,394

Gain on disposal of subsidiaries

(included in other income, gains and losses)

— 965

Gain on disposal of property, plant and equipment

(included in other income, gains and losses)

1 —

Reversal of impairment loss on amount due from a joint venture

(included in other income, gains and losses)

— 371

Note: Research and development expenditure for the six months ended 30 June 2026 of HK\$31,272,000 (six months ended 30 June 2025: HK\$22,111,000) mainly includes staff costs of HK\$22,334,000 (six months ended 30 June 2025: HK\$14,880,000), depreciation of property, plant and equipment of HK\$195,000 (six months ended 30 June 2025: HK\$123,000) and depreciation of right-of-use assets of HK\$1,063,000 (six months ended 30 June 2025: HK\$1,005,000) which are also included in the respective total amounts disclosed separately above.

7. TAXATION

Continuing operations

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(unaudited)	(unaudited and restated)
Current taxation charge:		
— Macau Complementary Tax	—	5,000
Deferred tax charge	<u>357</u>	<u>—</u>
	<u>357</u>	<u>5,000</u>

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

Macau Complementary Tax (“Macau CT”) is calculated at 12% of the estimated assessable profit.

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 subsidiaries in Mainland China is 25%.

No provision for taxation for overseas subsidiaries has been made in the condensed consolidated financial statements as the Group has no assessable profit arising from operations of these subsidiaries for both periods.

8. DIVIDEND

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Dividend for the Shareholders recognised as distribution during the period:		
Final dividend for the year ended 31 December 2025 of HK2.5 cents (six months ended 30 June 2025: final dividend for the year ended 31 December 2024 of HK11.0 cents) per Share declared and paid	<u>26,305</u>	<u>115,740</u>

The Directors have determined that no dividend will be paid in respect of the six months ended 30 June 2026.

In respect of the six months ended 30 June 2025, in August 2025, the Directors declared an interim dividend of HK7.5 cents per Share amounting to HK\$78,914,000 in aggregate. The dividend was paid to the Shareholders in October 2025.

9. DISCONTINUED OPERATION

On 9 June 2025, the Group was advised by SJM Resorts that the service agreement entered into between the Group and SJM Resorts for the Group's provision of casino management services at Casino Kam Pek Paradise in Macau would not be renewed or extended upon its original expiry date of 31 December 2025. The Group ceased to provide casino management services to SJM Resorts at Casino Kam Pek Paradise with effect from 2 December 2025.

Profit for the six months ended 30 June 2025 from the discontinued operation of provision of casino management services business is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to present the operation of provision of casino management services business as a discontinued operation.

	Six months ended 30 June 2025 HK\$'000 (unaudited)
Profit for the period from the provision of casino management services	<u>148,781</u>

The results of the provision of casino management services operation which have been included in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2025 were as follows:

	Six months ended 30 June 2025 HK\$'000 (unaudited)
Revenue	382,577
Cost of sales and services	<u>(151,191)</u>
Gross profit	231,386
Other income, gains and losses	5,839
Marketing, selling and distribution costs	(57,537)
Operating and administrative expenses	(22,919)
Amortisation of intangible assets	(6,068)
Finance costs	<u>(732)</u>
Profit before taxation	149,969
Taxation (<i>note</i>)	<u>(1,188)</u>
Profit for the period	<u>148,781</u>

Six months ended
30 June 2025
HK\$'000
(unaudited)

Profit for the period from a discontinued operation has been arrived at after charging:

Staff costs (including Directors' emoluments)

— Salaries and other benefits

— Retirement benefit scheme contributions

29,129

76

Total staff costs

29,205

Amortisation of intangible assets

6,068

Depreciation of property, plant and equipment

10,283

Depreciation of right-of-use assets

5,292

Commission expenses for casino management services

(included in operating and administrative expenses)

16,278

Six months ended
30 June 2025
HK\$'000
(unaudited)

Amount included in the measurement of assets of a discontinued operation:

Capital expenditure

11,222

During the six months ended 30 June 2025, casino management services operation contributed HK\$178,223,000 to the Group's net operating cash flows, paid HK\$57,457,000 in respect of investing activities and paid HK\$10,205,000 in respect of financing activities.

Note: 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 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 Despatch no. 89/2020 of 23 March 2020.

Pursuant to the terms of no. 2 of article 28 of the Law 16/2001 and Despatch 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 MOP388,000 (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 under the Group's management. 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 six months ended 30 June 2025, the Group provided dividend tax of HK\$1,188,000 on the same basis as SJM Resorts and the amount was charged to the condensed consolidated statement of profit or loss.

10. (LOSS) EARNINGS PER SHARE

Continuing operations

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

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss) profit		
(Loss) profit for the period attributable to owners of the Company		
for the purposes of basic (loss) earnings per Share	(71,751)	172,459
Less: profit for the period from a discontinued operation	—	(148,781)
	<u> </u>	<u> </u>
(Loss) profit for the purposes of calculating basic (loss) earnings per Share		
from continuing operations	<u>(71,751)</u>	<u>23,678</u>
	Six months ended 30 June	
	2026	2025
	'000	'000
	(unaudited)	(unaudited)
Number of Shares		
Weighted average number of Shares for the purposes of basic (loss) earnings		
per Share	<u>1,052,185</u>	<u>1,052,185</u>

Discontinued operation

For the six months ended 30 June 2025, basic earnings per Share for a discontinued operation is HK14.1 cents per Share, based on the profit for the period attributable to owners of the Company from a discontinued operation of HK\$148,781,000 and the denominator used is the same as that detailed above for basic (loss) earnings per Share.

For the six months ended 30 June 2026 and 30 June 2025, no diluted (loss) earnings per Share were presented as there were no dilutive potential Shares.

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2026 <i>HK\$'000</i> (unaudited)	At 31 December 2025 <i>HK\$'000</i> (audited)
Trade receivables, net (<i>note</i>)	8,150	17,278
Deposits paid	17,994	11,468
Deposit paid to SJM Resorts for the Group's provision of casino management services	12,114	12,114
Other receivables	5,476	6,384
Prepayments	3,175	6,230
	<u>46,909</u>	<u>53,474</u>

Note: At the end of the reporting period, trade receivables comprise amounts receivable from a gaming operator for the Group's provision of professional advisory and other services, and customers for the Group's sale and leasing of electronic gaming equipment and systems. No interest is charged on the trade receivables.

As at 30 June 2026, trade receivables of HK\$8,150,000 (31 December 2025: HK\$17,278,000) comprised receivables from contracts with customers and lease receivables of HK\$8,133,000 (31 December 2025: HK\$17,266,000) and HK\$17,000 (31 December 2025: HK\$12,000), respectively.

Before accepting any new customer, the Group gathers and assesses the credit information of the potential customer for considering the customer's quality and determining the credit limits for that customer. Recoverability and credit limit of the existing customers are reviewed by the Group regularly. As at 30 June 2026, included in the Group's trade receivable balances were receivables with an aggregate carrying amount of HK\$4,399,000 (31 December 2025: HK\$16,824,000) which are not past due. The Directors considered that trade receivables are of good credit quality given the continuous 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 30 June 2026, included in the Group's trade receivables balance were receivables with aggregate carrying amount of HK\$3,751,000 (31 December 2025: HK\$454,000) which are past due as at the reporting date. Out of the past due balances at 30 June 2026, HK\$3,593,000 (31 December 2025: HK\$81,000) 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 30 June 2026, 54% (31 December 2025: 89%) of the trade receivables that are not credit-impaired had the best credit scoring attributable under the internal credit scoring system used by the Group.

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:

	At 30 June 2026 <i>HK\$'000</i> (unaudited)	At 31 December 2025 <i>HK\$'000</i> (audited)
Age:		
0–30 days	4,399	16,824
31–60 days	158	284
61–90 days	—	76
91–180 days	74	19
181–365 days	3,516	28
Over 365 days	3	47
	<u>8,150</u>	<u>17,278</u>

12. TRADE AND OTHER PAYABLES

	At 30 June 2026 <i>HK\$'000</i> (unaudited)	At 31 December 2025 <i>HK\$'000</i> (audited)
Trade payables	51,253	51,068
Accrued staff costs	7,953	12,860
Accrued promotional expenses	14,148	20,148
Deposits received	670	700
Other sundry payables	9,477	10,915
Other accrued expenses	3,811	5,379
	<u>87,312</u>	<u>101,070</u>

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

	At 30 June 2026 <i>HK\$'000</i> (unaudited)	At 31 December 2025 <i>HK\$'000</i> (audited)
Age:		
0–30 days	94	45,322
31–60 days	—	4,494
61–90 days	1,021	300
91–365 days	49,868	694
Over 365 days	270	258
	<u>51,253</u>	<u>51,068</u>

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

13. CAPITAL COMMITMENTS

	At 30 June 2026 <i>HK\$'000</i> (unaudited)	At 31 December 2025 <i>HK\$'000</i> (audited)
Capital expenditure in respect of property, plant and equipment contracted for but not provided for in the condensed consolidated financial statements	<u>567</u>	<u>486</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Overview of Results

During the six months ended 30 June 2026, the Group is principally engaged in the development, sale and leasing of electronic gaming equipment and systems and the provision of professional advisory and other services in the gaming industry.

During the six months ended 30 June 2025, the Group was also engaged in the provision of casino management services in Macau. On 9 June 2025, the Group was advised by SJM Resorts that the service agreement entered into between the Group and SJM Resorts for the provision of casino management services by the Group to SJM Resorts at Casino Kam Pek Paradise in Macau would not be renewed or extended upon its original expiry date of 31 December 2025. The Group was further advised by SJM Resorts in November 2025 that the business operations of Casino Kam Pek Paradise would cease on 2 December 2025. Consequently, the Group ceased to provide casino management services to SJM Resorts at Casino Kam Pek Paradise with effect from 2 December 2025 and hence discontinued its provision of casino management services business in Macau.

Following the cessation of the provision of casino management services at Casino Kam Pek Paradise, leveraging its esteemed reputation and extensive experience in the realm of casino management, the Group has successfully partnered with a gaming concessionaire in Macau since 2 December 2025, offering professional advisory and other services to a casino in Macau operated by the concessionaire.

Continuing Operations

Total reported revenue of the Group for the six months ended 30 June 2026 from continuing operations was HK\$41.3 million, representing a decrease of 67.1% over that of HK\$125.4 million for the six months ended 30 June 2025.

An analysis of reported revenue by nature is as follows:

	Six months ended 30 June	
	2026	2025
	HK\$ million	HK\$ million
Sale/leasing of electronic gaming equipment and systems:		
In Macau*	30.3	125.0
Overseas	2.0	0.4
	32.3	125.4
Provision of professional advisory and other services	9.0	—
Total reported revenue	41.3	125.4

* Leasing revenue in Macau for the six months ended 30 June 2025 did not include the intercompany revenue derived from the LMG terminals, and slot machines and ETG machines deployed at Casino Kam Pek Paradise amounting to HK\$96.7 million and HK\$0.9 million, respectively, which was included in the reported revenue of the Group's discontinued operation, details of which are set out in the sub-section headed "Discontinued Operation" of this Business and Financial Review section.

The Group recorded a loss of HK\$82.6 million for the six months ended 30 June 2026 from continuing operations, as compared with a profit of HK\$29.0 million for the six months ended 30 June 2025.

Adjusted EBITDA, being a non-HKFRS Accounting Standards measure, is the Group's profit or loss for the period before interest income, finance costs, taxation, depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of intangible assets, gain on disposal of subsidiaries, loss on disposal/write-off of property, plant and equipment, reversal of impairment loss on amount due from a joint venture and costs incurred or associated with corporate exercises or potential projects, where applicable.

Adjusted EBITDA for the six months ended 30 June 2026 from continuing operations was a loss of HK\$74.4 million, as compared with a profit of HK\$41.3 million for the six months ended 30 June 2025.

Adjusted EBITDA is used by the management of the Group as the primary measure of the operating performance of the Group and to compare the operating performance of the Group with that of other companies operating in the same or similar business sectors as the Group. Adjusted EBITDA is presented as a supplemental disclosure for the Shareholders or potential investors of the Company and is widely used to measure the performance, and as a basis for valuation, of companies operating in the same or similar business sectors as the Group. Adjusted EBITDA does not have a standardised meaning prescribed by HKFRS Accounting Standards and should not be interpreted as an alternative to profit/loss or operating profit/loss (as an indicator of operating performance) or to cash flows generated from/used in operations (as a measure of liquidity), in each case, as determined in accordance with HKFRS Accounting Standards. As a result, Adjusted EBITDA as presented by the Group in this announcement may not be directly comparable to other similarly titled measures presented by other companies.

The following table reconciles (loss) profit for the period from continuing operations to Adjusted EBITDA from continuing operations. The Group considers that excluding the below items from (loss) profit for the period to arrive at Adjusted EBITDA provides a more accurate representation of the Group's operating performance from its primary business activities and allows for better comparability with other industry participants, which may have different financing arrangements.

	Six months ended 30 June	
	2026	2025
	HK\$ million	HK\$ million
(Loss) profit for the period from continuing operations	(82.6)	29.0
Adjustments for:		
Interest income ⁽¹⁾	(3.3)	(2.4)
Finance costs ⁽²⁾	1.5	3.0
Taxation ⁽³⁾	0.4	5.0
Depreciation of property, plant and equipment ⁽⁴⁾	5.3	5.1
Depreciation of right-of-use assets ⁽⁴⁾	4.3	2.4
Gain on disposal of subsidiaries ⁽⁵⁾	—	(1.0)
Loss on disposal/write-off of property, plant and equipment ⁽⁵⁾	—	0.7
Reversal of impairment loss on amount due from a joint venture ⁽⁵⁾	—	(0.4)
Others ⁽⁶⁾	—	(0.1)
Adjusted EBITDA from continuing operations	<u>(74.4)</u>	<u>41.3</u>

Notes:

- (1) Interest income is excluded from (loss) profit for the period to arrive at Adjusted EBITDA as it is a non-operating item which does not directly relate to the primary operations of the Group.
- (2) Finance costs are excluded from (loss) profit for the period to arrive at Adjusted EBITDA as they relate to the capital structure of the Group but are not directly associated with the Group's day-to-day operating performance.
- (3) Taxation is excluded from (loss) profit for the period to arrive at Adjusted EBITDA as it is a non-operating item associated with the Group's income tax obligations, which may differ from year-to-year due to changes in tax laws or policies, or other non-recurring events.
- (4) These items are excluded from (loss) profit for the period to arrive at Adjusted EBITDA as they are non-cash expenses not directly related to the Group's operating cash flows.
- (5) These items are excluded from (loss) profit for the period to arrive at Adjusted EBITDA as they are non-recurring events that are not part of the Group's primary operations. No adjustment was made for gain on disposal of subsidiaries, loss on disposal/write-off of property, plant and equipment and reversal of impairment loss on amount due from a joint venture for the six months ended 30 June 2026 as there were no such events being recognised in the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2026 for the above presentation.
- (6) Others represent the rounding differences when converting the adjusting items from the nearest HK\$ thousand (as extracted from the unaudited condensed consolidated financial statements of the Group) to the nearest HK\$ million (as presented above). The rounding was made to align the presentation format across the table which displays figures in HK\$ million.

An analysis of Adjusted EBITDA from continuing operations by nature is as follows:

	Six months ended 30 June	
	2026	2025
	HK\$ million	HK\$ million
Electronic gaming equipment and systems:		
Sale/leasing of electronic gaming equipment and systems	(25.3)	70.4
Research and development and other costs	(28.7)	(21.6)
	(54.0)	48.8
Professional advisory and other services	(6.1)	—
Other businesses	0.1	1.3
Corporate and other expenses	(14.4)	(8.8)
Adjusted EBITDA from continuing operations	<u>(74.4)</u>	<u>41.3</u>

Adjusted EBITDA from the electronic gaming equipment and systems segment for the six months ended 30 June 2026 was a loss of HK\$54.0 million, as compared with a profit of HK\$48.8 million for the six months ended 30 June 2025. The turnaround from profit to loss was mainly due to the decrease in revenue from the sale of LMG terminals in Macau and the increase in research and development and other costs of the business segment for the six months ended 30 June 2026 when compared with that for the six months ended 30 June 2025.

Development, Sale and Leasing of Electronic Gaming Equipment and Systems

Revenue from the sale/leasing of electronic gaming equipment and systems of the Group for the six months ended 30 June 2026 was HK\$32.3 million, representing a decrease of 74.2% over that of HK\$125.4 million for the six months ended 30 June 2025.

Sale/Leasing of Electronic Gaming Equipment and Systems in Macau

For the six months ended 30 June 2026, revenue from the sale/leasing of electronic gaming equipment and systems in Macau amounted to HK\$30.3 million, representing a decrease of 75.8% over that of HK\$125.0 million for the six months ended 30 June 2025. Revenue for the six months ended 30 June 2026 comprised revenue of:

- (i) HK\$3.1 million (six months ended 30 June 2025: HK\$77.0 million) derived from the sale of gaming machines in Macau;
- (ii) HK\$8.3 million (six months ended 30 June 2025: HK\$25.1 million) derived mainly from the sale of other gaming equipment and systems in Macau;
- (iii) HK\$18.9 million (six months ended 30 June 2025: HK\$21.6 million) from the provision of upgrading services to LMG terminals and other services in Macau; and
- (iv) No revenue was derived from leasing of electronic gaming equipment and systems in Macau for the six months ended 30 June 2026 (six months ended 30 June 2025: HK\$1.3 million).

The decrease in the Group's revenue from the sale/leasing of electronic gaming equipment and systems for the six months ended 30 June 2026 when compared with that for the six months ended 30 June 2025 was mainly due to the decrease in the sale of LMG terminals and systems in Macau. The Group's next-generation LMG platform, "Black Coral", is scheduled to launch in the market in the second half of 2026 or early 2027. The Group believes that customers might have opted to postpone their purchases in anticipation of the new version of LMG, leading to reduced sales of the current LMG platform during the six months ended 30 June 2026.

Sale/Leasing of Electronic Gaming Equipment and Systems in Overseas Markets

For the six months ended 30 June 2026, revenue from the sale/leasing of electronic gaming equipment and systems in overseas markets amounted to HK\$2.0 million (six months ended 30 June 2025: HK\$0.4 million) which represented mainly the sale/leasing of gaming machines and systems in the Asian markets other than Macau.

In view of the increasing appeal of electronic gaming equipment and systems to both the casino operators and the patrons, in addition to the home market of Macau, the Group is in the course of expanding its business of supplying electronic gaming equipment and systems to other Asian markets, such as Vietnam, the Philippines, Singapore, Malaysia and the Sri Lanka markets, as well as the North American markets.

Provision of Professional Advisory and Other Services

Since 2 December 2025, the Group has successfully partnered with a gaming concessionaire in Macau offering professional advisory and other services to a casino in Macau operated by the concessionaire.

During the six months ended 30 June 2026, this business contributed a revenue of HK\$9.0 million (six months ended 30 June 2025: not applicable) to the Group's reported revenue and incurred a loss of HK\$6.1 million (six months ended 30 June 2025: not applicable) to the Group's Adjusted EBITDA.

Discontinued Operation

Provision of Casino Management Services at Casino Kam Pek Paradise in Macau

On 9 June 2025, the Group was advised by SJM Resorts that the service agreement (the “Service Agreement”) entered into between the Group and SJM Resorts for the provision of casino management services by the Group to SJM Resorts at Casino Kam Pek Paradise in Macau would not be renewed or extended upon its original expiry date of 31 December 2025. The Group was further advised by SJM Resorts in November 2025 that the business operations of Casino Kam Pek Paradise would cease on 2 December 2025. Consequently, the Group ceased to provide casino management services to SJM Resorts at Casino Kam Pek Paradise with effect from 2 December 2025 and hence discontinued its provision of casino management services business in Macau. Further details regarding this cessation of casino management services were set out in the Company’s announcements dated 9 June 2025 and 26 November 2025.

The following table sets out certain key financial and operational data of the discontinued operation of the Group for the six months ended 30 June 2025:

	<i>HK\$ million</i>
Total gross gaming revenue of Casino Kam Pek Paradise	698.9
Reported revenue of the Group from the discontinued operation	382.6
Profit for the period from the discontinued operation	<u>148.8</u>

The following table reconciles profit for the period from the discontinued operation to Adjusted EBITDA from the discontinued operation for the six months ended 30 June 2025. The Group considered that excluding the below items from profit for the period to arrive at Adjusted EBITDA provided a more accurate representation of the Group’s operating performance from the discontinued operation and allowed for better comparability with other industry participants, which may have different financing arrangements.

	<i>HK\$ million</i>
Profit for the period from the discontinued operation	148.8
Adjustments for:	
Interest income ⁽¹⁾	(1.9)
Finance costs ⁽²⁾	0.7
Taxation ⁽³⁾	1.2
Depreciation of property, plant and equipment ⁽⁴⁾	10.3
Depreciation of right-of-use assets ⁽⁴⁾	5.3
Amortisation of intangible assets ⁽⁴⁾	<u>6.1</u>
Adjusted EBITDA from the discontinued operation	<u>170.5</u>

Notes:

- (1) Interest income is excluded from profit for the period from the discontinued operation to arrive at Adjusted EBITDA from the discontinued operation as it is a non-operating item which does not directly relate to the primary operations of the Group.
- (2) Finance costs are excluded from profit for the period from the discontinued operation to arrive at Adjusted EBITDA from the discontinued operation as they relate to the capital structure of the Group but are not directly associated with the Group’s day-to-day operating performance.
- (3) Taxation is excluded from profit for the period from the discontinued operation to arrive at Adjusted EBITDA from the discontinued operation as it is a non-operating item associated with the Group’s income tax obligations, which may differ from year-to-year due to changes in tax laws or policies, or other non-recurring events.

- (4) These items are excluded from profit for the period from the discontinued operation to arrive at Adjusted EBITDA from the discontinued operation as they are non-cash expenses not directly related to the Group's operating cash flows.

For further financial information regarding the provision of casino management services by the Group at Casino Kam Pek Paradise in Macau for the six months ended 30 June 2025, please refer to the interim report of the Company for the six months ended 30 June 2025 dated 27 August 2025.

PROSPECTS

The Group continues to focus on its core strategy of prioritising mass market gaming offerings through dedicated investments in innovative technology and electronic gaming solutions. According to the data released by the Macau government, Macau's tourism sector demonstrated strong upward momentum during the first half of 2026, with total visitor arrivals reaching approximately 20.9 million, representing a robust 9.0% year-on-year increase as compared with that for the first six months of 2025, that was underpinned by national Greater Bay Area development initiatives, optimised multi-entry visa schemes, and regional infrastructure enhancements, such as the localised expansion of land checkpoint passenger capacities. This expanding mass-market cohort directly aligns with the Group's primary technological competencies as gaming concessionaires face ongoing structural shifts including escalating hospitality labour rates and floor operational costs creating an ideal climate for automated floor productivity. To capitalise on this momentum, the Group remains firmly on the right track in executing its content diversification plan, expanding its global game library with localised, high-volatility, and highly interactive game titles designed to drive player retention and support both new casino configurations and legacy hardware replacement cycles.

As the Group's signature product line and a primary driver of gaming floor automation, our LMG solutions continue to experience overwhelming market demand and broad popularity across core jurisdictions. Serving as an indispensable tool for maximising table utilisation, LMG systems allow a single live dealer to concurrently serve multiple players across scattered electronic terminals. Capitalising on this momentum, the Group officially unveiled its next-generation LMG platform, "Black Coral". Black Coral introduces a complete overhaul of both player-facing interfaces and backend floor-management software. This advanced system delivers a major operational upgrade, integrating real-time data analytics, customised multi-bet capabilities, and advanced data visualisation widgets that elevate player engagement and drive continuous terminal productivity. For casino operators, this advanced software suite delivers superior security protocols, automated payout precision, and real-time dealer performance metrics, granting floor managers absolute operational transparency over high-volume mass-market operations. The Group is actively advancing through final testing phases and expects to obtain full regulatory approval for the commercial launch of Black Coral to the market in the second half of 2026, paving the way for rapid layout expansions and immediate system retrofits across major gaming facilities.

Complementing our core mass-market strategy, the Group is aggressively executing its software content diversification plan, expanding its proprietary ETG and slot machine libraries with customised configurations built specifically for gaming floors. By integrating cutting-edge artificial intelligence into our design workflows, the Group has successfully shortened software asset development timelines, allowing us to rapidly supply the market with refreshed cabinet themes that sustain long-term player time-on-device and accelerate the buildup of our recurring-revenue gaming libraries.

To house these expanding software assets, the Group deploys specialised, ergonomic hardware designed to maximise gaming floor productivity. A primary strategic highlight of this segment is the newly debuted "High Tide" slot cabinet series, which integrates an interactive LED sub-screen configuration to display synchronised, engaging animations across grouped banks of machines, creating a highly visible and high-traffic attraction. This series is heavily complemented by the resilient "Speedwave" slant-top cabinet, featuring a highly modular topper configuration. This modularity gives operators the unique operational advantage of being able to pivot efficiently between virtual gaming and ETG software configurations through the flexible replacement of toppers, thereby minimising floor downtime, reducing capital reinvestment cycles, and allowing for agile yield-management adjustments based on real-time traffic shifts.

Driven by this commitment to hardware and configuration innovation, the “Speedwave” cabinet series is systematically paired with the Group’s advanced multi-game platform, House of Play. By deploying flagship platform frameworks that integrate multi-game versatility directly with our ergonomic cabinet architectures, the Group provides casino operators with highly flexible, localised floor solutions that significantly heighten player immersion, optimise space utilisation, and capture diverse patron demographics. To further enhance these physical setups, the Group stacks its cabinet lines with the market-dominant “GameView” animated display arrays, which serve as highly visible intelligent terminal accessories that elevate overall player engagement on casino floors.

Beyond traditional floor configurations, the Group’s forward-looking innovation pipeline drives multi-dimensional customer engagement through virtual entertainment architectures and decentralised systems. This framework is further extended by our pipeline development of “Nebula”, a next-generation ecosystem designed to connect players, casino operators, and game developers into a dynamic network that fosters collaboration and content diversity. In addition to Nebula, the Group is actively researching other emerging digital technologies, including blockchain applications and immersive system architectures. These initiatives aim to integrate decentralised frameworks with advanced product innovation, ensuring that future capital investment is aligned with long term growth opportunities and evolving customer expectations.

In parallel, the Group’s advanced engineering team is pursuing strategic artificial intelligence initiatives focused on enhancing trust, transparency, and verification within emerging digital ecosystems. While these projects remain in early development, they demonstrate the Group’s determination to extend its technological capabilities into new fields that complement its core gaming expertise. Importantly, these initiatives are designed not only to strengthen the integrity of digital platforms but also to create scalable solutions that can be applied across multiple industries. By investing early in such innovation, the Group aims to position itself to capture diversified growth opportunities, build new revenue streams, and reinforce its reputation as a forward looking technology leader. These explorations underpin the Group’s commitment to cultivating non-traditional growth drivers and securing sophisticated technological assets that generate sustainable, long-term value beyond conventional gaming boundaries.

Crucially, the global commercialisation of this integrated hardware and software ecosystem relies heavily on our ongoing geographic diversification strategy. In a landmark regulatory breakthrough, in June 2026, the Group was officially granted Approved Manufacturer status by the Gambling Regulatory Authority of Singapore. With Singapore being one of Asia’s most strictly monitored and premier integrated resort hubs, this milestone status validates the Group’s regulatory compliance and technical engineering on the world stage. This approval opens up immediate pathways for direct commercial sales and system placements to Singapore casino operators. Concurrently, the Group is actively utilising its established showroom and regional base in Manila, the Philippines, as a commercial springboard to scale its electronic gaming machine footprint across high-potential Southeast Asian hubs including Vietnam, Cambodia, and Malaysia. Beyond Asia, the Group is systematically accelerating its strategic initiative to re-enter major gaming jurisdictions across North America. Backed by the robust technical compliance frameworks established previously, the Group is actively advancing through product localisation, technical certification processes, and product testing aimed at deploying customised electronic gaming products into targeted North American markets via established local distributors possessing the requisite regulatory licenses. This proactive and collaborative strategic distribution framework positions the Group to directly capture the immense replacement-hardware and system-upgrading demand currently driving the North American gaming sector.

Building upon its extensive track record of specialised operational expertise accumulated within Macau’s highly competitive mass-market management sector, the Group continues to monetise its intellectual capital via its professional consulting model. The specialised gaming advisory and technical services partnership established with a reputable Macau gaming concessionaire in December 2025 has yielded stable performance throughout the first half of 2026. This transition successfully validates the Group’s strategic asset-light corporate pivot, preserving the prestige of the Group’s brand identity while allowing the Group to deploy its seasoned management methodologies to optimise gaming floor productivity and layout efficiency for our prominent local partners.

Looking ahead, the Group acknowledges the complex macroeconomic realities and persistent structural uncertainties facing the global economy. In response, the Group will maintain a flexible, highly disciplined approach to capital expenditure, resource allocation, and operational optimisation. The management of the Company remains firmly confident that the Group's expanding game libraries, breakthrough regulatory approvals, proactive market initiatives, and market-dominant LMG technology will create resilient, compounding, and sustainable long-term value for our Shareholders and global business partners.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2026.

In respect of the six months ended 30 June 2025, an interim dividend of HK7.5 cents per Share, amounting to HK\$78.9 million in aggregate, was declared and paid.

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 borrowing and loans from a Shareholder. The Group has generally funded its operations from internal resources, bank borrowings, other borrowing, 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 six months ended 30 June 2026, 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 opportunities in accordance with the Group's strategic direction and development.

As at 30 June 2026, the consolidated net assets of the Group amounted to HK\$366.3 million, representing a decrease of HK\$108.8 million or 22.9% from HK\$475.1 million as at 31 December 2025. The decrease was mainly due to the Group's loss of HK\$82.6 million for the six months ended 30 June 2026 and the payment of final dividend for the year ended 31 December 2025 to the Shareholders of HK\$26.3 million on 25 June 2026.

Pledged Bank Deposits, and Bank Balances and Cash

As at 30 June 2026, the Group held pledged bank deposits of HK\$53.4 million (31 December 2025: HK\$50.9 million), and bank balances and cash of HK\$235.0 million (31 December 2025: HK\$378.1 million).

The Group's pledged bank deposits of HK\$53.4 million (31 December 2025: HK\$50.9 million) as at 30 June 2026 comprised fixed deposits totalling HK\$51.1 million (31 December 2025: HK\$49.8 million) denominated in HK\$, the Group's functional currency, and placed at a Macau bank with an original maturity of 3 months (31 December 2025: 12 months), and HK\$2.3 million (31 December 2025: HK\$1.1 million) denominated in MOP, and placed at a Macau bank with original maturities ranging from 3 to 12 months (31 December 2025: 3 months).

Included in the bank balances and cash of HK\$235.0 million (31 December 2025: HK\$378.1 million) as at 30 June 2026 were fixed deposits of HK\$115.1 million (31 December 2025: HK\$173.6 million) denominated in HK\$, MOP and US\$ and placed at banks in Macau with an original maturity of 3 months (31 December 2025: 3 months). The Group's bank balances and cash 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 and cash denominated in MOP and US\$.

Loans from a Shareholder

Pursuant to two deeds of loan dated 18 January 2023 entered into between the Group and Dr. Chun, Dr. Chun agreed to provide term loan facilities totalling HK\$70.0 million for a 3-year period to the Group. The loans were conducted on normal commercial terms and were unsecured, carried interest at 12.5% per annum and were repayable in monthly instalments. The loans had been fully drawn down by the Group on inception. As at 31 December 2025, the total outstanding loan principal under these deeds of loan was HK\$2.1 million. The loans were fully settled in January 2026.

Borrowings and Gearing Ratio

As at 30 June 2026, the Group had total outstanding indebtedness of HK\$100.6 million (31 December 2025: HK\$110.8 million) comprising:

	At 30 June 2026 <i>HK\$ million</i>	At 31 December 2025 <i>HK\$ million</i>
Secured and unguaranteed bank borrowings ⁽¹⁾	99.0	104.7
Unsecured and unguaranteed loans from a Shareholder ⁽²⁾	—	2.1
Unsecured and unguaranteed other borrowing ⁽³⁾	0.2	0.2
Unsecured and unguaranteed amounts due to Directors ⁽⁴⁾	1.4	3.8
Total outstanding indebtedness	100.6	110.8

Notes:

- (1) The bank borrowings carried interest at prevailing market rates and were on a floating rate basis.
- (2) The loans from a Shareholder carried interest at a fixed rate of 12.5% per annum.
- (3) The other borrowing was interest-free.
- (4) The amounts due to Directors were interest-free.

The maturity profile of the total outstanding indebtedness of HK\$100.6 million as at 30 June 2026 spreads over a period of more than five years, with HK\$21.5 million repayable on demand or within one year, HK\$11.2 million in the second year, HK\$35.1 million in the third to fifth year, and HK\$32.8 million over five years. The Group's total outstanding indebtedness as at 30 June 2026 was mainly denominated in MOP and HK\$. Given that MOP is pegged to HK\$, the Group considers the exposure to exchange rate risk 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 30 June 2026 was 27.5% (31 December 2025: 23.3%). The increase in the Group's gearing ratio was mainly due to the net effect of the decrease in consolidated net assets of the Group of HK\$108.8 million during the six months ended 30 June 2026, and the decrease in the consolidated total borrowings of the Group of HK\$10.2 million, which in turn was mainly due to the repayment of bank borrowings of HK\$5.7 million, during the six months ended 30 June 2026.

During the six months ended 30 June 2026, the Group did not employ any financial instruments for hedging purposes.

CAPITAL COMMITMENTS

As at 30 June 2026, the Group had capital commitments in respect of acquisition of property, plant and equipment which are contracted for but not provided for in the unaudited condensed consolidated financial statements of HK\$0.6 million (31 December 2025: HK\$0.5 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 the fluctuation of US\$ or MOP against HK\$ necessary. The Group had exchange exposure to RMB as it maintained certain bank deposits in RMB during the six months ended 30 June 2026. 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'S ASSETS

As at 30 June 2026, the Group had charges on its leasehold land and buildings with total carrying amount of HK\$174.0 million (31 December 2025: HK\$177.7 million) and bank fixed deposits of HK\$53.4 million (31 December 2025: HK\$50.9 million), details of which are as follows:

- (i) leasehold land and buildings with carrying amount of HK\$100.8 million (31 December 2025: HK\$102.9 million) to secure a bank borrowing offered by a bank to the Group;
- (ii) leasehold land and buildings with carrying amount of HK\$73.2 million (31 December 2025: HK\$74.8 million) to secure bank borrowings offered by a bank to the Group;
- (iii) bank fixed deposits totalling HK\$51.1 million (31 December 2025: HK\$49.8 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 the Group and SJM Resorts for the provision of casino management services by the Group to SJM Resorts. The bank guarantee and the underlying pledge of the bank deposits will be released upon the finalisation and full settlement of the net balance due by the Group to SJM Resorts arising from such casino management services; and
- (iv) bank fixed deposits of HK\$2.3 million (31 December 2025: HK\$1.1 million) to secure for certain general banking facilities offered by a bank to the Group.

CONTINGENT LIABILITIES

As at 30 June 2026, the Group did not have any significant contingent liabilities.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

Save as disclosed elsewhere in this announcement, 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 six months ended 30 June 2026.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2026 and the date of this announcement, 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 30 June 2026, the Group had approximately 330 (31 December 2025: 350) employees.

Total staff costs, including Directors’ emoluments, for the six months ended 30 June 2026 amounted to HK\$53.5 million (six months ended 30 June 2025: HK\$132.1 million, including HK\$68.6 million for gaming operation employees who were employed by SJM Resorts for Casino Kam Pek Paradise and whose salaries and other benefits were reimbursed by the Group to SJM Resorts in full).

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.

ISSUE OF EQUITY SECURITIES FOR CASH

For the six months ended 30 June 2026, the Company did not issue any securities (including shares, debentures, and securities convertible into equity securities) or sell any treasury Shares for cash.

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 (including treasury Shares) during the six months ended 30 June 2026.

UPDATE ON DIRECTORS’ INFORMATION

Biographical details of each of the Directors are set out in the Annual Report 2025.

On 12 June 2026, Mr. Ho King Fung Eric was appointed as an independent non-executive Director and a member of the Audit Committee. Further details of the appointment are set out in the Company’s announcement dated 12 June 2026.

On 25 June 2026, Dr. Liu Ka Ying Rebecca was appointed as a director of Tatung System Technologies Inc. (大同世界科技股份有限公司) (stock code: 8099), a company whose shares are traded on the Taipei Exchange.

On 27 August 2026, Mr. Li John Zongyang tendered his resignation as an independent non-executive Director, the chairman of each of the Audit Committee and the Remuneration Committee, and a member of the Nomination Committee. On the same date, Dr. Liu Ka Ying Rebecca was redesignated as the chairman of the Audit Committee and appointed as a member of the Nomination Committee, and Mr. Ho King Fung Eric was appointed as the chairman of the Remuneration Committee. Further details of the resignation, the redesignation and the appointment are set out in the Company’s announcement dated 27 August 2026.

Save as disclosed in this announcement, the Company is not aware of any changes in the Directors’ information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CORPORATE GOVERNANCE

Compliance with the CG Code

In the opinion of the Board, the Company has complied with the code provisions of the CG Code throughout the six months ended 30 June 2026, except for the following deviation:

Code Provision C.2.1

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

During the six months ended 30 June 2026 and up to the date of this announcement, Dr. Chun is the Chairman of the Board and the Managing Director of the Company. 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. The Board also considers that the present structure (Dr. Chun is both the Chairman of the Board and the Managing Director of the Company) 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 another executive Director with diversified background and experience, and a sufficient number of independent non-executive Directors that can scrutinise important decisions with their independent judgement and monitor the power exercised by the Chairman 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 the 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.

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 six months ended 30 June 2026.

REVIEW OF INTERIM REPORT 2026 AND UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

The Interim Report 2026, including the unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2026, has been reviewed by the Audit Committee. The unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2026 have also been reviewed by Deloitte Touche Tohmatsu, the Company's independent auditor, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this announcement, there is no important event after 30 June 2026 up to the date of this announcement which is required to be disclosed.

DEFINITIONS

The following expressions shall, unless the content otherwise states, have the following meanings:

“Adjusted EBITDA”	the Group’s profit or loss for the period before interest income, finance costs, taxation, depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of intangible assets, gain on disposal of subsidiaries, loss on disposal/write-off of property, plant and equipment, reversal of impairment loss on amount due from a joint venture and costs incurred or associated with corporate exercises or potential projects, where applicable
“Annual Report 2025”	the annual report of the Company for the year ended 31 December 2025 dated 26 March 2026
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code contained in Appendix C1 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, the Chairman of the Board, an executive Director and the Managing Director of the Company
“ETG”	electronic table game
“Group”	the Company and its subsidiaries
“HKFRS(s)”	Hong Kong Financial Reporting Standard(s)
“HKICPA”	the Hong Kong Institute of Certified Public Accountants
“HK\$” and “HK cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Interim Report 2026”	the interim report of the Company for the six months ended 30 June 2026 which is expected to be despatched to the Shareholders (where applicable) and published on the websites of the Stock Exchange and the Company by the end of September 2026
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LMG”	live multi game

“Macau”	the Macao Special Administrative Region of the PRC
“Mainland China”	the mainland of the PRC
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“MOP”	Macau Pataca, the lawful currency of Macau
“Nomination Committee”	the nomination committee of the Board
“PRC”	the People’s Republic of China
“Remuneration Committee”	the remuneration committee of the Board
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“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
“US\$”	the United States dollars, the lawful currency of the United States of America
“%”	per cent

By Order of the Board
Paradise Entertainment Limited
Chan Kin Man
Company Secretary

Hong Kong, 27 August 2026

As at the date of this announcement, the executive directors of the Company are Dr. Jay Chun (Chairman and Managing Director, also alternate director to Mr. Shan Shiyong, alias, Sin Sai Yung) and Mr. Shan Shiyong, alias, Sin Sai Yung, and the independent non-executive directors of the Company are Ms. Tang Kiu Sam Alice, Dr. Liu Ka Ying Rebecca and Mr. Ho King Fung Eric.