PARADISE ENTERTAINMENT LIMITED
滙彩控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1180)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board (the "Board") of directors (the "Directors") of Paradise Entertainment Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2015

	Notes	**2015** **HK$'000**	2014 HK$'000
Turnover	3	**1,092,078**	1,192,288
Cost of sales and services		**(642,251)**	(544,164)
Gross profit		**449,827**	648,124
Other income		**12,197**	10,628
Marketing, selling and distribution costs		**(199,889)**	(240,325)
Administrative and operating expenses		**(266,972)**	(262,958)
Loss on early redemption of promissory note		**–**	(34,890)
Amortisation for intangible assets		**(66,932)**	(66,933)
Impairment loss on intangible assets		**(67,280)**	–
Finance costs	4	**(9,524)**	(8,758)
(Loss)/profit before tax	6	**(148,573)**	44,888
Income tax (expenses)/credit	5	**(340)**	21,653
(Loss)/profit for the year		**(148,913)**	66,541
(Loss)/profit for the year attributable to:			
– Owners of the Company		**(165,192)**	58,443
– Non-controlling interests		**16,279**	8,098
		(148,913)	66,541
(Loss)/earnings per share (HK cents)	8		
– Basic		**(15.66)**	5.52
– Diluted		**(15.66)**	5.52

* *For identification purpose only*

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015	2014
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(148,913)**	66,541
Other comprehensive income, net of tax		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of overseas operations	**(355)**	85
Total comprehensive (expenses)/income for the year	**(149,268)**	66,626
Total comprehensive (expenses)/income attributable to:		
– Owners of the Company	**(165,547)**	58,528
– Non-controlling interests	**16,279**	8,098
	(149,268)	66,626

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**193,936**	186,447
Intangible assets		**568,317**	702,529
Interest in an associate		**–**	–
		762,253	888,976
Current assets			
Inventories		**87,220**	46,246
Debtors, deposits and prepayments	*9*	**189,681**	158,850
Cash and cash equivalents		**237,390**	321,252
		514,291	526,348
Current liabilities			
Creditors and accrued charges	*10*	**218,884**	151,596
Obligations under finance leases			
– due within one year		**65**	123
Amounts due to directors	*11*	**3,535**	3,347
Tax payable		**338**	1,022
		222,822	156,088
Net current assets		**291,469**	370,260
Total assets less current liabilities		**1,053,722**	1,259,236
Non-current liabilities			
Obligations under finance leases			
– due after one year		**–**	65
Promissory note		**77,158**	67,642
		77,158	67,707
Net assets		**976,564**	1,191,529
Capital and reserves			
Share capital		**1,053**	1,057
Treasury shares		**(1,641)**	–
Reserves		**934,822**	1,161,181
Equity attributable to owners of the Company		**934,234**	1,162,238
Non-controlling interests		**42,330**	29,291
Total equity		**976,564**	1,191,529

Notes:

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

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

New and amended standards and interpretations that are mandatorily effective for the current year

Amendments to HKAS 19	*Defined benefit plans: Employee contributions*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2010-2012 Cycle*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2011-2013 Cycle*

The directors of the Company consider that the application of these new and amended HKFRSs and Hong Kong Accounting Standard ("HKAS") in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

In addition, the requirement of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

New and amended standards and interpretations in issue but not yet effective

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

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

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
[3] Effective for annual periods beginning on or after 1 January 2018
[4] No mandatory effective date is determined but is available for early adoption

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and was further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets; and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measure at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment assessment of financial assets, HKFRS 9 (2014) adopts an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

The Directors anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the financial effect on the Group's financial statements until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

In July 2015, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the financial effect until the Group performs a detailed review.

HKAS 1 (Amendments) Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates or joint ventures accounted for using the equity method, separation into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are not met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

Management is in the process of making an assessment of the impact of the application of Amendments to HKAS 1 and is not yet in a position to state whether it would have a significant impact on the Group's consolidated financial statements.

Apart from the aforementioned, the Directors consider that the adoption of the other new standards and amendments to standards is not expected to have any significant impact on the results and financial position of the Group and performance as well as disclosure.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2015 comprise the Company, its subsidiaries and the Group's interest in an associate.

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

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

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

3. TURNOVER AND SEGMENT INFORMATION

The Group's operating segments, based on information reported to the board of Directors, being the chief operating decision maker ("CODM"), for the purposes of resources allocation and assessment of segment performance. The Group's operating and reportable segments which are organised into business units based on their products and services are as follows:

Casino service – Provision of management services to casinos in Macau

Gaming system – Development, provision and sales of electronic gaming system

The Group monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) is managed on a group basis and is not allocated to operating segments.

The information regarding the Group's operating and reportable segment as provided to the Group's most senior-executive management for the purpose of resource allocation and assessment of segment performance for the years ended 31 December 2015 and 2014 is set out below.

(a) Business segments

For the year ended 31 December 2015

	Operating and reportable segments			
	Casino service *HK$'000*	Gaming system *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Revenue				
Revenue from external customers	891,064	201,014	–	1,092,078
Segment results	(80,975)	(30,297)	(27,777)	(139,049)
Finance costs				(9,524)
Loss before tax				(148,573)

As at 31 December 2015

	Operating and reportable segments			
	Casino service *HK$'000*	Gaming system *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Assets				
Segment assets	655,190	614,250	7,104	1,276,544
Total assets				1,276,544
Liabilities				
Segment liabilities	173,987	44,156	81,837	299,980
Total liabilities				299,980
Other information				
Capital expenditures	52,063	12,142	14	64,219
Amortisation of intangible assets	12,138	54,794	–	66,932
Depreciation of property, plant and equipment	41,858	13,515	1,226	56,599
Impairment loss recognised in respect of amount due from an associate	–	–	18	18
Impairment loss on intangible assets	–	67,280	–	67,280

For the year ended 31 December 2014

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

As at 31 December 2014

	Operating and reportable segments			
	Casino service	Gaming system	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Segment assets	689,725	715,181	10,418	1,415,324
Total assets				1,415,324
Liabilities				
Segment liabilities	131,835	19,791	72,169	223,795
Total liabilities				223,795
Other information				
Capital expenditures	30,414	24,582	2,241	57,237
Amortisation of intangible assets	12,138	54,795	–	66,933
Depreciation of property, plant and equipment	37,038	11,260	1,016	49,314
Impairment loss recognised in respect of amount due from an associate	–	–	17	17
(Gain)/loss on disposal of property, plant and equipment	(4)	41	(127)	(90)

Note: Revenue reported above represented the revenue generated from external customers which did not include the intersegment sales of approximately HK$130,661,000 (2014: HK$421,000,000) during the year ended 31 December 2015 amongst two operating and reportable segments.

(b) Geographical segments

	Revenue		Non-current assets		Total assets		Capital expenditure	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Macau	**1,088,060**	1,192,288	**757,321**	885,728	**1,253,061**	1,404,905	**62,365**	53,802
Others countries and places	**4,018**	–	**4,932**	3,248	**23,483**	10,419	**1,854**	3,435
	1,092,078	1,192,288	**762,253**	888,976	**1,276,544**	1,415,324	**64,219**	57,237

4. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interests on:		
Other borrowings wholly repayable within five years	**–**	400
Obligations under finance leases wholly repayable within five years	**8**	16
Effective interests on:		
Promissory note	**9,516**	8,342
	9,524	8,758

5. INCOME TAX EXPENSES/(CREDIT)

	2015	2014
	HK$'000	*HK$'000*
Income tax expenses/(credit) comprise of:		
Current tax:		
Hong Kong Profits Tax	**–**	–
Macau Complementary Tax	**–**	–
Lump sum dividend tax	**331**	1,000
PRC Enterprise Income Tax	**15**	9
	346	1,009
Overprovision in prior year:		
Macau Complementary Tax	**(6)**	(10,662)
Deferred tax		
Current year	**–**	(12,000)
	340	(21,653)

(i) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year.

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

(ii) PRC Enterprise Income Tax

For operating subsidiaries established in the PRC, PRC Enterprise Income Tax is calculated at the rate of 25% (2014: 25%) prevailing in the PRC for the year with certain tax preference.

(iii) Macau Complementary Tax

For operating subsidiaries established in Macau, Macau Complementary Tax is calculated at the rate of 12% (2014: 12%) prevailing in Macau for the year with certain tax preference.

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

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

(iv) Other countries tax

Taxation for overseas subsidiaries, except those incorporated in PRC and Macau, are charged at the appropriate current rate of taxation ruling in the relevant countries.

No provision for tax had been made as the Group suffer losses in other countries during both years.

(v) Reconciliation between taxation charge and accounting profit at applicable tax rates:

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

	2015	2014
	HK$'000	*HK$'000*
(Loss)/profit before tax	**(148,573)**	44,888
Tax at Macau Complementary Tax rate of 12% (note)	**(17,829)**	5,386
Tax effect of expenses not deductible for tax purpose	**1**	167
Tax effect of income not taxable for tax purpose	**(411)**	(27)
Tax effect of tax exemption granted to gaming related revenue	**(14,882)**	(40,447)
Tax effect of temporary differences not recognised	**39,640**	38,276
Overprovision in prior year	**(6)**	(10,662)
Tax effect of deferred tax recognised in respect of temporary differences	**–**	(12,000)
Lump sum dividend tax	**331**	1,000
Tax effect of different tax rates enacted by local authority	**(6,504)**	(3,346)
Income tax expenses/(credit)	**340**	(21,653)

Note: The Macau Complementary Tax rate of 12% for the years ended 31 December 2014 and 31 December 2015 represents the statutory tax rate of which the Group's operations conducted substantially in Macau through both years.

6. (LOSS)/PROFIT BEFORE TAX

	2015	2014
	HK$'000	*HK$'000*
(Loss)/profit before tax has been arrived at after charging/(crediting):		
Auditors' remuneration	**935**	850
Cost of inventories recognised as expenses	**11,618**	5,951
Depreciation of property, plant and equipment	**56,599**	49,314
Operating lease rentals paid in respect of rented premises	**11,432**	10,877
Research and development *	**19,621**	14,274
Amortisation of intangible assets	**66,932**	66,933
Impairment loss recognised in respect of amount due from an associate	**18**	17
Impairment loss on intangible assets	**67,280**	–
Gain on disposal of property, plant and equipment	**–**	(90)
Staff costs		
– Directors' emoluments	**26,001**	28,850
– Other staff costs		
– Salaries and other benefits	**109,967**	91,391
– Retirement benefit scheme contributions	**1,154**	1,029
Total staff costs	**137,122**	121,270

* Research and development expenditure includes HK$15,468,000 (2014: HK$13,002,000) relating to staff costs, depreciation and operating lease rentals paid which are included in the respective total amounts disclosed separately above.

7. DIVIDEND

No interim dividend for the six months ended 30 June 2015 (2014: HK2 cents per share) was declared and approved.

The Directors do not recommend the payment of final dividend for the year ended 31 December 2015 (2014: HK5 cents per share).

8. (LOSS)/EARNINGS PER SHARE

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

	2015	2014
	HK$'000	*HK$'000*
For the purpose of calculating basic (loss)/earnings per share		
(Loss)/profit for the year attributable to the owners of the Company	**(165,192)**	58,443
For the purpose of calculating diluted (loss)/earnings per share		
(Loss)/profit for the year attributable to the owners of the Company	**(165,192)**	58,443

	2015	2014
Number of shares		
Issued ordinary shares at 1 January	**1,057,445,315**	1,025,181,315
Effect of exercise of share options and warrants	**–**	34,996,438
Effect of repurchase of share	**(2,381,578)**	(1,486,268)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share	**1,055,063,737**	1,058,691,485

9. DEBTORS, DEPOSITS AND PREPAYMENTS

	2015	2014
	HK$'000	*HK$'000*
Trade debtors	**78,461**	73,196
Less: Impairment loss	**(287)**	(287)
	78,174	72,909
Deposits	**61,018**	56,173
Other debtors and prepayments	**50,489**	29,768
	189,681	158,850

Trade debtors at the end of the reporting period comprise amounts receivables from the share of gaming wins and sales of electronic gaming system. No interest is charged on the trade debtors.

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.

The Group normally allows a credit period of 30 days and 90 to 180 days to its gaming partners and trade debtors, respectively. The Directors consider that the Group's credit policy is consistent with the gaming industry practice in Macau.

An ageing analysis of the trade debtors net of impairment loss recognised which is based on the date of billing at the end of the reporting period is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**56,528**	67,783
31 – 60 days	**4,955**	1,077
61 – 90 days	**3,214**	83
91 – 180 days	**9,376**	683
181 – 365 days	**2,202**	154
More than 365 days	**1,899**	3,129
	78,174	72,909

Ageing of trade receivables which are past due but not impaired:

	2015	2014
	HK$'000	*HK$'000*
Overdue by:		
1 – 30 days	**81**	969
31 – 60 days	**3,177**	83
61 – 90 days	**2,981**	75
91 – 180 days	**9,427**	626
181 – 365 days	**1,915**	136
More than 365 days	**1,899**	3,129
	19,480	5,018

The Group did not provide any allowance on the past due receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable based on the historical experience. The Group does not hold any collateral over these balances.

10. CREDITORS AND ACCRUED CHARGES

	2015	2014
	HK$'000	*HK$'000*
Trade Creditors	**90,428**	50,367
Other Creditors and accrued charges	**128,456**	101,229
	218,884	151,596

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

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**17,536**	44,013
31 – 60 days	**3,547**	937
61 – 90 days	**3,050**	1,261
91 – 365 days	**41,274**	2,761
Over 365 days	**25,021**	1,395
Trade creditors	**90,428**	50,367

11. RELATED PARTY TRANSACTIONS

(a) Other than the related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following significant transactions with its related parties during the year:

	Directors		Associate		Related party	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Sales of electronic gaming system *(note a)*	**–**	–	**–**	–	**491**	–
Consultancy fee paid to *(note b)*	**–**	–	**–**	–	**920**	678
Salaries and other benefits paid to *(notes c & d)*	**–**	–	**–**	–	**4,946**	5,655
Amount due from *(note e)*	**–**	–	**6,124**	6,106	**–**	–
Amounts due to *(note f)*	**3,535**	3,347	**–**	–	**–**	–

Notes:

(a) The related party is wholly-owned by the brother in law of Mr. Jay Chun, the Chairman and executive director of the Company.

(b) The related party is the brother in law of Mr. Jay Chun, the Chairman and executive director of the Company.

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

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

(e) The amount due is unsecured, interest-free and have no fixed terms of repayments. During the year ended 31 December 2015, impairment loss of approximately HK$18,000 (2014: HK$17,000) was recognised and charged to the consolidated statement of profit or loss.

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

(b) Key Management Personnel Remuneration

	2015	2014
	HK$'000	*HK$'000*
Short-term employee benefits	**33,626**	36,698
Retirement benefits scheme contributions	**45**	44
	33,671	36,742

12. CONTINGENT LIABILITIES

At the end of the reporting period, the Company had the following significant outstanding litigation:

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

The Injunction seeks orders to restrain, amongst others, the Respondents from, amongst other things, (i) making any representation or expression on any monopoly right over all and any solutions allowing players to play remotely in real time on a plurality of live games; and (ii) unfairly competing with SHFL Macau in any manner, amongst other ancillary petitions. Details of the Injunction and Macau First Instance Court decision are set out in the Company's announcement dated 1 November 2012 and 19 November 2013. Following the dismissal of the injunction filed by SHFL Macau by Macau First Instance Court, SHFL Macau appealed against the dismissal before the Macau Second Instance Court. On 12 June 2014, the Macau Second Instance Court confirmed the dismissal of the injunction by agreeing with the Macau First Instance Court decision.

As at the date of this report, the main lawsuit in relation to the violation of the Macau registered Patents I/150 and I/380 is pending. SHFL Macau contested against the lawsuit and requested the invalidation of the grant of the Patents I/150 and I/380.

The Directors believe that it will not have any material adverse impact on the Group's operations.

BUSINESS REVIEW

In light of China's economic slowdown, which was further undermined by the unexpected depreciation of Renminbi in the past few months, the gaming industry in Macau was clouded by continuous challenges arising from the decrease in revenue of casino services. Besides, the anti-corruption campaign initiated by the Central Government of China also dragged down the number of tourists visiting Macau. As a result, revenue of the Group for the year ended 31 December 2015 decreased from HK$1,192,288,000 to HK$1,092,078,000, representing a decrease of 8.4% as compared to the year ended 31 December 2014.

Given the decrease in gross gaming revenue of the Group's casino management business, the surge in overall operating expenses, particularly the ever increasing labour costs, and the impairment loss on intangible assets in respect of patents and patent applications in the U.S. (because of sales of LMG terminals in Nevada were postponed due to delay in obtaining approvals from the Nevada Gaming Board, which was only obtained at the end of 2015), the Group turned to a loss of HK$148,913,000 for the year ended 31 December 2015 from a profit of HK$66,541,000 for the year ended 31 December 2014.

Accordingly, the adjusted EBITDA* of the Group for the year ended 31 December 2015 dropped to HK$48,177,000 as compared to HK$203,051,000 for the year ended 31 December 2014, representing a decrease of 76.3%.

Provision of Casino Services

For the year ended 31 December 2015, the revenue generated by the provision of casino services contributed 81.6% of the total revenue, as compared with 86.6% recorded in the year ended 31 December 2014.

In June 2015, the Group installed 139 slot machines at Waldo Casino, making a deployment of 172 units in total, thereby broadening the offering of the casino by providing a variety of choices to players, which was expected to bring about more revenue for the Group. Nevertheless, the increase in revenue in this respect was more or less offset by the tough market condition confronted by Macau's gaming industry.

Sales and Revenue Sharing of Live Multi Game ("LMG") Terminals

For the year ended 31 December 2015, the revenue generated by the sales and revenue sharing of LMG terminals contributed 18.4% of the total revenue, as compared with 13.4% for the year ended 31 December 2014.

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

In February 2015, the Group converted the 24 LMG terminals on trial at The Palazzo in Las Vegas into an outright sale. This marked the first sale of LMG terminals in the gaming market of the U.S. as well as an important milestone for the Group in its path to secure a foothold in the world's largest gaming machines market. Elsewhere, the Group also deployed 80 LMG terminals at the Grand Lisboa in Macau, bringing the LMG deployment at Grand Lisboa to a total of 120 units. These moves generated an attractive return on investment and further enhanced player's experience. Our patent-protected LMG terminals served to improve the efficiency and productivity of casino operations by lowering the average cost per player and broadening the customer reach of casino operators.

In May 2015, the Group deployed 42 LMG terminals at Galaxy Macau Phase 2 and 50 LMG terminals installed at Galaxy Macau Phase 1, bringing new deployment at both casinos to a total of 92 terminals. The new deployment added on to the existing 150 terminals currently installed at Galaxy Macau Phase 1, not only helping to serve a broader mass market audience, but also delivering a higher return on investment to casino operators on the back of lower cost but higher productivity.

In October 2015, the Group launched 63 LMG terminals at the new electronic gaming zone at Casino Lan Kwai Fong in Macau. The Group took the opportunity to work together with Casino Lan Kwai Fong to provide electronic gaming solution applicable to the prevailing casino landscape. With our solutions, a broader mass market audience would be attracted by a variety of games that could enhance players' experience and in turn facilitate incremental growth to the casino floor yield, which would certainly increase our revenue sharing in this segment. In addition, it is expected our success at Casino Lan Kwai Fong will open up more deployment opportunities in the satellite casino market.

MARKET RECOGNITION

On 9 March 2015, the Company was admitted as a constituent stock of Hang Seng Broad Consumption Index, Hang Seng Global Composite Index and Hang Seng Composite Index, representing an important recognition from the investment community in Hong Kong. This could also be interpreted as an acknowledgement of the Company's success in the industry, and a highlight of our expanding presence in the Asia-Pacific gaming market, which would in turn heighten the awareness of the Group and facilitate the liquidity of shares in the Company.

PROSPECTS

In June 2015, Macau government announced a reversal of its transit visa policy that was tightened last year after it was abused by high rollers and junket agents. Starting from 1 July 2015, mainland China passport holders transiting through Macau are allowed to stay in the city for a longer period up to seven days and gain second entry within 30 days, thereby increasing the number of well-heeled mainland customers visiting Macau. The new policy will certainly benefit casino operators.

On the other hand, the sales of 24 LMG terminals in February 2015 marked the beginning of sales of LMG terminals in the U.S.. The Group will see more sales in overseas, and believes LMG terminals will soon gain acceptance throughout the U.S. gaming industry.

However, Macau is going to implement a full smoking ban on casino floors and no smoking room is allowed in VIP rooms. Industry players have expressed concern that a full smoking ban might deter certain gamers and affect casino revenues, which is being challenged by China's anti-graft and austerity campaign. Against the backdrop of a sluggish market, the Group expects the government to promulgate more supportive policies to revitalise the economy of Macau.

Notwithstanding the loss recorded for the year ended 31 December 2015, the Group remains confident in its current business strategies. The Group will optimise its cost structure to remain lean in the current weak operating environment in Macau. The Group is also expected to develop its overseas gaming system market with more machine installations in 2016.

Liquidity and Financial Resources

As at 31 December 2015, the Group's finance lease and promissory note stood at HK$65,000 and HK$77,158,000, respectively, of which HK$65,000 and nil, respectively, were payable within 12 months. Current liabilities of the Group increased from HK$156,088,000 to HK$222,822,000, representing an increase of approximately 42.8%. The Group's total liabilities increased from HK$223,795,000 to HK$299,980,000, representing an increase of approximately 34.0%.

As at 31 December 2015, the cash on hand and available financial resources were sufficient for financing ongoing activities of the Group.

Gearing Ratio

The Group's gearing ratio (defined as the ratio of total outstanding interest bearing borrowing less cash and cash equivalents to total assets (excluding cash and cash equivalents)) as at 31 December 2015 was nil (2014: nil).

Foreign Exchange Exposure

The majority of the Group's income and expenses are denominated in Hong Kong Dollars ("HK$"), Macau Pataca ("MOP") and US Dollars ("US$"). The HK$ is linked to the US$ and the exchange rate between these two currencies has remained relatively stable over the past several years. The MOP is pegged to the 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 Directors do not consider specific hedges for currency fluctuation necessary.

Charges on Group Assets

As at 31 December 2015, the assets of the Group which were subject to charges for securing obligations under finance lease comprised a motor vehicle with net carrying value of approximately HK$56,000 (2014: HK$190,000).

Organization and Staff

The Group had 500 staff (2014: 453) as at 31 December 2015. A majority of the staff are operational staff and marketing executives in Macau. The Group is actively seeking talents in Macau, Hong Kong and China in order to cope with its fast growing operations.

The terms of employment of the staff, executives and Directors conform to normal commercial practice. The emolument policy for the employees of the Group is principally set up by the Board on the basis of their merit, qualifications, competence and the Group's operating results. Share options are granted to and included in the terms of selected senior executives of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has complied with the code provisions of the Corporate Governance Code (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2015 except for certain deviations disclosed below:

Code Provision A.2.1

Mr. Jay Chun is the Chairman and the Managing Director of the Company. In the opinion of the Board, the roles of the Managing Director and the chief executive officer are the same. Although under code provision A.2.1 of the Code, the roles of the Chairman and chief executive officer should be separated and should not be performed by the same individual, the Board considers that the present structure provides the Group with strong and consistent leadership and allows for efficient and effective business planning and execution. Hence, the Board believes that it is in the best interest of the shareholders of the Company that Mr. Jay Chun shall continue to assume the roles of the Chairman of the Board and the Managing Director of the Company. However, the Company will review the current structure as and when it becomes appropriate in future.

Code Provision A.4.1

In accordance with code provision A.4.1 of the Code, non-executive Directors should be appointed for a specific term, subject to re-election. Currently, none of the independent non-executive Directors is appointed for a specific term. However, all Directors (including the independent non-executive Directors) are subject to retirement by rotation at least once every three years at the annual general meeting of the Company in accordance with the provision of the Bye-Laws of the Company, and their terms of appointment will be reviewed when they are due for re-election.

Code Provision E.1.2

In accordance with code provision E.1.2 of the Code, the chairman of the Board, the audit committee, remuneration committee, nomination committee and any other committee should attend the annual general meeting. However, the annual general meeting of the Company held on 19 June 2015 was chaired by a shareholder of the Company, instead of Mr. Jay Chun or the chairman of the audit committee, remuneration committee, nomination committee and any other committee. Mr. Jay Chun and the chairman of the audit committee, remuneration committee and nomination committee were unable to attend the annual general meeting as they were engaged in other commitments of the Company.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors. As at the date of this announcement, the members of the Audit Committee are Mr. Li John Zongyang (chairman), Mr. Kai-Shing Tao and Ms. Tang Kiu Sam Alice. The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 December 2015.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group has established and maintained sufficient risk management procedures and internal control procedures to identify and control various types of risk within the Group with active management participation and in the best interest of the Group and its shareholders.

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

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year, the Company repurchased a total of 5,260,000 shares of the Company at an aggregate consideration of approximately HK$9,682,000 on the Stock Exchange. Of which, 3,824,000 shares were cancelled during the year ended 31 December 2015 and the remaining balance of 1,436,000 shares were cancelled in January 2016. Details of the repurchases are as follows:

Month of repurchases	Number of shares repurchased	Price per share		Consideration
		Highest	**Lowest**	
		HK$	*HK$*	*HK$'000*
January 2015	1,936,000	2.85	2.81	5,508
March 2015	20,000	1.82	1.82	37
July 2015	412,000	1.55	1.52	636
August 2015	348,000	1.30	1.25	440
September 2015	932,000	1.30	1.23	1,193
October 2015	176,000	1.30	1.27	227
November 2015	604,000	1.24	1.11	728
December 2015	832,000	1.15	1.01	913
Total	5,260,000			9,682

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

Save as disclosed, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the year.

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

Hong Kong, 30 March 2016

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