



PARADISE ENTERTAINMENT LIMITED

滙彩控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 1180)

INTERIM REPORT
2019



** For identification purposes only*

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CORPORATE INFORMATION

Place of Incorporation

Bermuda

Board of Directors

Executive Directors

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

Mr. SHAN Shiyong, alias, SIN Sai Yung

Mr. HU Liming

Independent Non-Executive Directors

Mr. LI John Zongyang

Mr. Kai-Shing TAO

Ms. TANG Kiu Sam Alice

Audit Committee

Mr. LI John Zongyang *(Chairman)*

Mr. Kai-Shing TAO

Ms. TANG Kiu Sam Alice

Remuneration Committee

Mr. LI John Zongyang *(Chairman)*

Mr. Jay CHUN

Ms. TANG Kiu Sam Alice

Nomination Committee

Mr. Jay CHUN *(Chairman)*

Mr. LI John Zongyang

Ms. TANG Kiu Sam Alice

Authorised Representatives

Mr. Jay CHUN

Mr. CHAN Kin Man

Company Secretary

Mr. CHAN Kin Man

Registered Office

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Head Office and Principal Place of Business

Unit C, 19/F., Entertainment Building

30 Queen's Road Central

Hong Kong

Bermuda Principal Share Registrar

MUFG Fund Services (Bermuda) Limited

4th Floor North

Cedar House

41 Cedar Avenue

Hamilton HM 12

Bermuda

Hong Kong Branch Share Registrar

Tricor Secretaries Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

Hong Kong Legal Advisors

H. M. Chan & Co in association with Taylor Wessing

Independent Auditor

Deloitte Touche Tohmatsu

Certified Public Accountants

Principal Bankers

Bank of China Limited, Macau Branch

Bank of China (Hong Kong) Limited

Industrial and Commercial Bank of China (Macau) Limited

Industrial and Commercial Bank of China (Asia) Limited

Banco Well Link, S.A.

Luso International Banking Limited

Tai Fung Bank Limited

Hang Seng Bank Limited

Dah Sing Bank, Limited

Listing Information

Place of Listing

Main Board of the Stock Exchange

Stock Code

1180

Board Lot Size

4,000 Shares

Investor Relations

Tel: (852) 2620 5303

Fax: (852) 2620 6000

Email: paradise.ir@hk1180.com

Website

www.hk1180.com

Corporate Communications

This interim report (both English and Chinese versions) is now available in printed form or on the websites of the Stock Exchange and the Company at "www.hkexnews.hk" and "www.hk1180.com", respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

Overview of Results

Total reported revenue of the Group for the six months ended 30 June 2019 was HK\$592.0 million, representing an increase of 5.0% over that of HK\$563.9 million for the six months ended 30 June 2018. The increase was mainly attributable to an increase in revenue from sale of electronic gaming equipment and systems. An analysis of reported revenue by properties/nature is as follows:

	Six months ended 30 June	
	2019	2018
	HK\$ million	HK\$ million
Casinos under the Group's management:		
Casino Kam Pek Paradise	347.0	374.6
Casino Waldo	152.2	134.6
	499.2	509.2
Electronic gaming equipment and systems:		
Sale of electronic gaming equipment and systems	89.3	49.9
Leasing of electronic gaming equipment and systems*	2.4	3.9
Royalty income from IGT	1.1	0.9
	92.8	54.7
Total reported revenue	592.0	563.9

* Leasing revenue for the six months ended 30 June 2019 did not include the intercompany revenue derived from the LMG terminals deployed at the two casinos under the Group's management amounting to HK\$68.2 million (six months ended 30 June 2018: HK\$75.2 million) which was included in the reported revenue of respective casinos under the Group's management in the above table.

Adjusted EBITDA for the six months ended 30 June 2019 was HK\$63.3 million, representing an increase of 6.0% over that of HK\$59.7 million for the six months ended 30 June 2018. The following table reconciles profit for the period to Adjusted EBITDA:

	Six months ended 30 June	
	2019	2018
	HK\$ million	HK\$ million
Profit for the period	23.8	26.3
Adjustments for:		
Interest income	(3.0)	(2.0)
Finance costs	1.4	—
Income tax expense	0.2	0.2
Depreciation of property, plant and equipment	29.9	29.1
Depreciation of right-of-use assets	4.9	—
Amortisation of intangible assets	6.1	6.1
Adjusted EBITDA	63.3	59.7

An analysis of Adjusted EBITDA by properties/nature is as follows:

	Six months ended 30 June	
	2019	2018
	HK\$ million	HK\$ million
Casinos under the Group's management:		
Casino Kam Pek Paradise	66.0	103.8
Casino Waldo	0.3	(25.3)
	66.3	78.5
Electronic gaming equipment and systems:		
Sale of electronic gaming equipment and systems	51.8	22.0
Leasing of electronic gaming equipment and systems	1.8	2.4
Research and development and other costs	(42.6)	(29.7)
ETG distribution from IGT	1.1	0.9
	12.1	(4.4)
Others	(15.1)	(14.4)
Adjusted EBITDA	63.3	59.7

Adjusted EBITDA from casinos under the Group's management for the six months ended 30 June 2019 was HK\$66.3 million, representing a decrease of 15.5% over that of HK\$78.5 million for the six months ended 30 June 2018. The decrease was mainly due to the decrease in GGR generated by Casino Kam Pek Paradise for the six months ended 30 June 2019 which in turn was mainly affected by the temporary suspension of LMG terminals at the casino for upgrade of the LMG terminals pursuant to the Technical Standards during the six months ended 30 June 2019. As for Casino Waldo, it recorded an Adjusted EBITDA of HK\$0.3 million for the six months ended 30 June 2019, as compared to a loss of HK\$25.3 million for the six months ended 30 June 2018. The turnaround was mainly caused by the increase in GGR generated by the casino and decrease in certain operating costs of the casino for the six months ended 30 June 2019.

Up to 30 June 2019, the Group has completed the upgrade of all the LMG terminals at the two casinos under the Group's management for full compliance with the Technical Standards and installation of enhanced features to the LMG terminals.

Adjusted EBITDA from the electronic gaming equipment and systems segment for the six months ended 30 June 2019 was HK\$12.1 million, as compared to a loss of HK\$4.4 million for the six months ended 30 June 2018. For the six months ended 30 June 2019, sale of electronic gaming equipment and systems contributed Adjusted EBITDA of HK\$51.8 million (six months ended 30 June 2018: HK\$22.0 million) to the Group. On the other hand, the Group increased its investment in research and development and other costs on new/upgraded ETG machines, slot machines, casino management systems, etc. from HK\$29.7 million for the six months ended 30 June 2018 to HK\$42.6 million for the six months ended 30 June 2019. For the six months ended 30 June 2019, ETG distribution from IGT contributed Adjusted EBITDA of HK\$1.1 million (six months ended 30 June 2018: HK\$0.9 million) to the Group.

The Group recorded a profit of HK\$23.8 million for the six months ended 30 June 2019, representing a decrease of 9.5% over that of HK\$26.3 million for the six months ended 30 June 2018.

Provision of Casino Management Services

The following table sets forth operational data on the provision of casino management services by the Group for the six months ended 30 June 2019 and 30 June 2018:

(Average no. of units)	Six months ended 30 June					
	2019			2018		
	Casino Kam Pek Paradise	Casino Waldo	Total	Casino Kam Pek Paradise	Casino Waldo	Total
Traditional gaming tables	39	25	64	39	25	64
LMG gaming tables	10	5	15	10	5	15
LMG terminals	1,000	432	1,432	1,000	416	1,416
Slot machines	194	176	370	194	176	370

As at 30 June 2019, the Group had a total of 79 (31 December 2018: 79) gaming tables under management.

The following table sets out certain key operational data of mass gaming tables, LMG terminals and slot machines deployed at the two casinos under the Group's management for the six months ended 30 June 2019 and 30 June 2018:

		Casino Kam Pek			
		Paradise		Casino Waldo	
		Six months ended 30 June			
		2019	2018	2019	2018
Traditional gaming tables					
GGR	(HK\$ million)	362.6	371.6	200.7	174.4
Gaming tables	(Average no. of tables)	39	39	25	25
Net win/table/day	(HK\$ thousand)	51.4	52.6	44.4	38.5
LMG gaming tables					
GGR	(HK\$ million)	247.1	283.5	62.9	58.2
Terminals	(Average no. of terminals/tables)	1,000/10	1,000/10	432/5	416/5
Net win/terminal/day	(HK\$)	1,365	1,566	804	773
Net win/LMG gaming table/day	(HK\$ thousand)	136.5	156.6	69.5	64.3
Total gaming tables					
GGR	(HK\$ million)	609.7	655.1	263.6	232.6
Gaming tables	(Average no. of tables)	49	49	30	30
Net win/table/day	(HK\$ thousand)	68.7	73.9	48.5	42.8
Slot machines					
GGR	(HK\$ million)	26.8	32.4	3.8	4.4
Slot machines	(Average no. of units)	194	194	176	176
Net win/unit/day	(HK\$)	763	923	119	138
Total GGR	(HK\$ million)	636.5	687.5	267.4	237.0

For the six months ended 30 June 2019, total GGR generated by Casino Kam Pek Paradise amounted to HK\$636.5 million, representing a decrease of 7.4% over that of the last corresponding period of HK\$687.5 million. Total GGR generated by Casino Waldo for the six months ended 30 June 2019 amounted to HK\$267.4 million, representing an increase of 12.8% over that of the last corresponding period of HK\$237.0 million.

Breakdown of revenue attributable to the Group for the two casinos under the Group's management for the six months ended 30 June 2019 and 30 June 2018 is as follows:

	Six months ended 30 June	
	2019	2018
	HK\$ million	HK\$ million
Casino Kam Pek Paradise:		
Traditional gaming tables	199.4	204.4
LMG gaming tables	135.9	155.9
Slot machines	11.7	14.3
	347.0	374.6
Casino Waldo:		
Traditional gaming tables	114.2	99.1
LMG gaming tables	35.8	33.0
Slot machines	2.2	2.5
	152.2	134.6
	499.2	509.2

Total revenue attributable to the Group generated by the two casinos under the Group's management was HK\$499.2 million, representing a decrease of 2.0% over that of HK\$509.2 million for the six months ended 30 June 2018. The net decrease in total revenue was due to the decrease of 7.4% in revenue from Casino Kam Pek Paradise which was partially offset by the increase of 13.1% in revenue from Casino Waldo for the six months ended 30 June 2019 when compared to those for the six months ended 30 June 2018.

Development, Sale and Leasing of Electronic Gaming Equipment and Systems

Sale of Electronic Gaming Equipment and Systems

For the six months ended 30 June 2019, revenue from sale of electronic gaming equipment and systems amounted to HK\$89.3 million, representing an increase of 79.0% over that of HK\$49.9 million for the six months ended 30 June 2018. Revenue for the six months ended 30 June 2019 represented mainly the sale of a total of 461 LMG terminals to and the provision of upgrading services to 605 LMG terminals at various casinos in Macau pursuant to the Technical Standards (six months ended 30 June 2018: mainly the sale of 217 LMG terminals to MGM Cotai).

Leasing of Electronic Gaming Equipment and Systems

For the six months ended 30 June 2019, revenue from leasing of electronic gaming equipment and systems amounted to HK\$2.4 million, representing a decrease of 38.5% over that of HK\$3.9 million for the six months ended 30 June 2018.

The following table sets out certain key operational data of LMG terminals (excluding those LMG terminals deployed at the two casinos under the Group's management) and the related revenue shared by the Group for the six months ended 30 June 2019 and 30 June 2018:

		Six months ended 30 June	
		2019	2018
GGR from LMG terminals	<i>(HK\$ million)</i>	8.4	15.2
No. of LMG terminals	<i>(Average no. of terminals)</i>	76	259
Net win/terminal/day	<i>(HK\$)</i>	611	324
Revenue sharing	<i>(HK\$ million)</i>	2.3	3.6

ETG Distribution from IGT

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

With reference to the royalty statements provided by IGT to the Group, the Group recognised royalty income of HK\$1.1 million for the six months ended 30 June 2019 (for the six months ended 30 June 2018: HK\$0.9 million). Up to 30 June 2019, the Group has accumulatively recognised a total revenue of HK\$6.6 million from ETG distribution from IGT.

Prospects

The Group embraces synergies of its two principal business segments, namely the provision of casino management services and the development, sale and leasing of electronic gaming equipment and systems. This unique business model provides us with a privileged positioning in the market by possessing profound knowledge in both casino management and gaming products and helps us capture opportunities in the fast-growing mass gaming market.

Despite the continuing global headwinds and challenging times, the shift to mass gaming market has continued to stabilise Macau's gaming market since its bounce back in or about 2016. This market trend towards the mass gaming market has been attributed by the increase of visitors to Macau. Looking forward, we have confidence that the improved infrastructures such as the Hong Kong-Zhuhai-Macao Bridge and the soon-to-operate Light Rapid Transit of Macau, together with the increasing number of tourist attractions and entertainment, will definitely enhance the appeal of inbound tourists to Macau, thereby shall continue to fuel the growth of the mass gaming market. The two casinos under the Group's management, namely Casino Kam Pek Paradise and Casino Waldo, shall continue to derive more patronages from mass gaming market for years to come.

The two casinos under the Group's management continue to be the synergistic bond between our two principal business segments. We are in a distinctive position to obtain direct feedback from gaming patrons when new innovative gaming products are developed. Such unique business model offers us a fundamental competitive advantage in the market. Strategically, we are able to know what appeals to gaming patrons and casino operators alike. During the period under review, coupled with the smooth completion of upgrading the LMG terminals in the two casinos under the Group's management for the compliance of new requirements set out by the Technical Standards, we have also successfully developed and started to launch our self-developed slot machines for trial. This represents one of our key milestones for diversifying our business into the slot machine market ever since we developed LMG terminals, our flagship product. Together with our other new innovative ETG products, as well as our LMG ancillary products, we expect better results in the two casinos under the Group's management and continuous improvement in their operating efficiencies which could in turn provide strong cash flow for research and development of our new innovative products.

We look forward to the debut of our self-developed slot machines in the worldwide gaming markets including the Americas, Southeast Asia and Macau, etc. Our new exhilarating slot games dazzled gaming patrons by delivering thrilling games which were highly acclaimed on the gaming floor. With a robust development pipeline to embrace slot machines' supply, the Group is well-positioned to place itself at the forefront of the global gaming industry as we are no longer a mere LMG products provider. We are confident that the brand-new slot machines will generate fresh revenue streams for the Group. The availability of slot machines and new games also marks the ambition of the Group to increase its product presence in the global gaming equipment market.

The Group is dedicated to innovate in the gaming equipment industry using top-notch and innovative technology to create new products. We are committed to research and development to offer a wide range of product lines and launch new gaming products to add sustainable growth impetus. We have gaming research and development and testing teams in our various offices including Las Vegas, Sydney, Taiwan, Zhuhai, Shenzhen and Macau. Although we started in Macau, we keep an eye on development opportunities globally, especially the North America and Southeast Asia markets. We are constantly striving to work towards the goal of offering a one-stop shop of electronic gaming equipment for casino operators and providing professional advisory on gaming technology. Whilst we will continue to remain focused on gaming products, on the development front, the Group also plans to invest in innovative and intelligent high-tech products which meet the requirement of highest level of communication technical standards, while at the same time exercising prudent control.

Looking ahead, the Group will never rest on its laurels but will continue to acquire top talents and increase its investment in high-tech and avant-garde gaming products, aiming to explore more opportunities in the gaming technology space and expand its market share in global gaming industry. The Group remains cautiously optimistic and will strive to identify new business opportunities in Macau and overseas markets and maximise returns to the Shareholders.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019.

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. The Group has generally funded its operations from internal resources, bank and other borrowings and/or equity financing.

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

As at 30 June 2019, consolidated net assets of the Group amounted to HK\$625.7 million, representing a net decrease of HK\$3.0 million or 0.5% from HK\$628.7 million as at 31 December 2018. During the six months ended 30 June 2019, consolidated net assets of the Group was increased by the Group's profit for the period of HK\$23.8 million and was decreased by the payment of the Company's final dividend for the year ended 31 December 2018 of HK\$26.3 million.

Pledged Bank Deposit, Bank Balances and Cash, and Chips on Hand

As at 30 June 2019, the Group held pledged bank deposit of HK\$28.8 million, bank balances and cash of HK\$242.0 million and chips on hand of HK\$30.8 million. Included in the pledged bank deposit and bank balances and cash as at 30 June 2019 were fixed deposits of HK\$110.2 million placed at banks in Macau with maturities ranging from 2 to 12 months. The fixed deposits were denominated in HK\$ (the Group's functional currency) and US\$.

Borrowing and Gearing Ratio

As at 30 June 2019, the Group had outstanding (i) secured and unguaranteed bank borrowing of approximately HK\$86.5 million (31 December 2018: HK\$89.0 million); and (ii) unsecured and unguaranteed amounts due to Directors of HK\$2.3 million (31 December 2018: HK\$2.2 million).

The Group's bank borrowing carried interest at prevailing market rates and was on floating rate basis. The bank borrowing was denominated in MOP. Given MOP is pegged to HK\$, the Group considers the exposure to exchange rate risk is normal for its bank borrowing denominated in MOP. The maturity profile of the bank borrowing of HK\$86.5 million as at 30 June 2019 spread over a period of more than five years, with HK\$5.1 million repayable within one year, HK\$5.3 million in the second year, HK\$16.5 million in the third to fifth years and HK\$59.6 million over five years. The amounts due to Directors were interest-free and repayable on demand.

The Group's gearing ratio (expressed as a percentage of total borrowings over net assets) as at 30 June 2019 was 14.2% (31 December 2018: 14.5%).

During the six months ended 30 June 2019, the Group did not employ any financial instruments for hedging purposes.

Acquisition of the Properties

The Purchaser (an indirect wholly-owned subsidiary of the Company) entered into provisional sale and purchase agreements with the Vendor on 4 June 2019, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the Properties at a total consideration of HK\$90.0 million. As at 30 June 2019, the Purchaser paid a total deposit of HK\$10.0 million to the Vendor pursuant to the provisional sale and purchase agreements.

The sale and purchase transaction was completed on 8 August 2019. Upon completion, the Properties are held by the Company through its indirect wholly-owned subsidiary and have been consolidated into the consolidated financial statements of the Group. The consideration for the acquisition of the Properties was funded by internal resources of the Group and a new bank borrowing secured by a mortgage over the two property units of the Properties.

The Properties are intended to be used by the Group for its own use (subject to negotiation with the tenant on the termination of an existing lease). At present, the Group leases certain warehouses in Macau for storing its inventories, which include, among other things, electronic gaming machines, equipment, spare parts and thereby incurs rental expenses on ongoing basis. The Directors consider that the acquisition can reduce the Group's ongoing rental expenses. The acquisition of the Properties constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Further details regarding the acquisition of the Properties are set out in the Company's announcements dated 4 June 2019 and 8 August 2019.

Capital Commitments

As at 30 June 2019, the Group had capital commitment in respect of acquisition of property, plant and equipment which is contracted but not provided for of HK\$81.6 million (31 December 2018: HK\$1.1 million). The capital commitment as at 30 June 2019 included the balance of the purchase consideration in relation to the acquisition of the Properties amounting to HK\$80.0 million which was settled on the date of completion of the acquisition of the Properties of 8 August 2019.

Foreign Exchange Exposure

The majority of the Group's income and expenses, bank fixed deposits and bank borrowing are denominated in HK\$ (the Group's functional currency), MOP and US\$. HK\$ is 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 that any specific hedge for currency fluctuation is necessary.

Charges on Group's Assets

As at 30 June 2019, leasehold land and buildings of the Group with the carrying amount of HK\$130.8 million were pledged to secure a bank borrowing offered by a bank to the Group.

In addition, as at 30 June 2019, a fixed deposit of HK\$28.8 million placed at a bank was pledged to secure for a guarantee in the amount of HK\$28.8 million issued by the bank for the period from 30 April 2018 to 31 March 2020 in favour of SJM for the Group's fulfilment of all its obligations, in particular for reimbursement by the Group to SJM of the employees' compensation and benefits for those gaming operation employees employed by SJM who work for the casino under the Group's management, as stipulated under the service agreement (and all related supplemental agreements) entered into between SJM and the Group for provision of casino management services by the Group to SJM.

Contingent Liabilities

As at 30 June 2019, the Group did not have any significant contingent liabilities.

Employees and Remuneration Policy

As at 30 June 2019, the Group had approximately 1,180 employees, including approximately 740 gaming operation employees who were employed by SJM or Galaxy to work for the two casinos under the Group's management. These gaming operation employees were paid by SJM or Galaxy and the Group reimbursed SJM or Galaxy in full for their salaries and other benefits.

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, retirement benefits, subsidised medical care, pension funds and training programmes are offered to eligible employees.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Directors' and Chief Executives' Interests in Securities

As at 30 June 2019, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

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

Notes:

- (1) All interests in Shares stated above represent long positions.
- (2) These Shares were held by August Profit Investments Limited, a company which is wholly-owned by Mr. Jay Chun, an executive Director.
- (3) These Shares were held by Best Top Offshore Limited, a company which is wholly-owned by Mr. Shan Shiyong, alias, Sin Sai Yung, an executive Director.
- (4) The percentage represents the number of Shares interested divided by the number of issued Shares as at 30 June 2019.

Save as disclosed, none of the Directors and the chief executives of the Company was interested or had any short position in any Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2019.

Share Options

The Company adopted the Share Option Scheme for the purposes of providing incentives or rewards to the eligible participants for the contribution to the success of the Group's operations. Eligible participants of the Share Option Scheme include, among others, the Directors, including independent non-executive Directors, full-time or part-time employees, executives or officers of the Group, advisors, consultants, suppliers, customers and agents. The Share Option Scheme will be valid and effective for a period of ten years from the date of adoption of the Share Option Scheme.

No options were granted by the Company under the Share Option Scheme and no equity settled employees benefit (including Directors' emoluments) was recognised during the six months ended 30 June 2019. No share option was outstanding under the Share Option Scheme and no share option was exercised during the six months ended 30 June 2019.

As at the date of this report, the total number of share options available for issue under the Share Option Scheme is 105,218,531 share options, representing 10% of the Shares in issue as at the date of adoption of the Share Option Scheme, that is 25 May 2017.

Substantial Shareholders' Interests in Shares

As at 30 June 2019, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the Directors or chief executives of the Company, the following persons or corporations, other than Directors or chief executives of the Company, had an interest in the Shares of the Company, which would require to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of the Company:

Name of company	Number of Shares⁽¹⁾	Approximate percentage of interests⁽⁴⁾
August Profit Investments Limited ⁽²⁾	630,836,720	59.95%
FIL Limited ⁽³⁾	77,504,000	7.37%
Pandanus Partners L.P. ⁽³⁾	77,504,000	7.37%
Pandanus Associates Inc. ⁽³⁾	77,504,000	7.37%

Notes:

- (1) All interests in Shares stated above represent long positions.
- (2) August Profit Investments Limited is wholly-owned by Mr. Jay Chun, an executive Director.
- (3) To the best of the Directors' knowledge, FIL Limited is controlled (as defined under the SFO) by Pandanus Partners L.P., which in turn is controlled (as defined under the SFO) by Pandanus Associates Inc. Those 77,504,000 Shares represent the same interests and are therefore duplicated among them.
- (4) The percentage represents the number of Shares interested divided by the number of issued Shares as at 30 June 2019.

Save as disclosed above, as at 30 June 2019, the Company had not been notified of any person or corporation who was interested in or had a short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO.

Purchase, Sale or Redemption of the Company's Shares

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019.

Update on Directors' Information

Biographical details of each of the Directors are set out in the Annual Report 2018 of the Company dated 26 March 2019.

With effect from 1 January 2019, the annual remuneration of Mr. Hu Liming, an executive Director, was revised from HK\$120,000 to HK\$240,000.

With effect from 1 January 2019, the annual Directors' fee of each of Mr. Li John Zongyang, Mr. Kai-Shing Tao and Ms. Tang Kiu Sam Alice, independent non-executive Directors, was revised from HK\$120,000 to HK\$240,000.

Saved as disclosed, the Company is not aware of any changes in the Directors' information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the date of the Annual Report 2018 of the Company.

Corporate Governance

Compliance with the CG Code

In the opinion of the Board, the Company has complied with the CG Code throughout the six months ended 30 June 2019, save for the following deviations:

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 CG Code, the roles of the Chairman and chief executive officer should be separate and should not be performed by the same individual, the Board considers that the present structure provides the Group with strong and consistent leadership and allows for efficient and effective business planning and execution. Hence, the Board believes that it is in the best interest of the Shareholders that Mr. Jay Chun will 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 CG Code, non-executive Directors should be appointed for a specific term, subject to re-election. Currently, none of the Directors (including 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 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.

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 2019.

Review of Interim Report 2019 and Unaudited Condensed Consolidated Financial Statements

The Interim Report 2019 including the unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2019 has been reviewed by the audit committee of the Company. The unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2019 have also been reviewed by Deloitte Touch 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 Hong Kong Institute of Certified Public Accountants.

Events After the Reporting Period

Other than the completion of acquisition of the Properties on 8 August 2019 as disclosed, there is no event after the reporting period which is required to be disclosed.

By Order of the Board

Paradise Entertainment Limited

Jay Chun

Chairman and Managing Director

Hong Kong, 22 August 2019



TO THE BOARD OF DIRECTORS OF PARADISE ENTERTAINMENT LIMITED

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Paradise Entertainment Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 15 to 40, which comprise the condensed consolidated statement of financial position as of 30 June 2019 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 Interim Financial Reporting (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong
22 August 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

	Notes	Six months ended 30 June	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue	4	591,963	563,928
Cost of sales and services		(321,913)	(317,051)
Gross profit		270,050	246,877
Other income, gains and losses		9,353	7,492
Marketing, selling and distribution costs		(112,776)	(107,336)
Operating and administrative expenses		(134,352)	(114,418)
Amortisation of intangible assets		(6,069)	(6,069)
Finance costs	5	(1,423)	—
Share of losses of joint ventures		(788)	—
Profit before taxation	6	23,995	26,546
Taxation	7	(202)	(225)
Profit for the period		23,793	26,321
Profit for the period attributable to:			
— owners of the Company		19,446	25,313
— non-controlling interests		4,347	1,008
		23,793	26,321
Basic earnings per share	9	HK1.8 cents	HK2.4 cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Profit for the period	23,793	26,321
Other comprehensive income (expense):		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value gain (loss) on investment in equity instruments designated at fair value through other comprehensive income	73	(271)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(583)	(469)
Other comprehensive expense for the period	(510)	(740)
Total comprehensive income for the period	23,283	25,581
Total comprehensive income for the period attributable to:		
— owners of the Company	18,910	24,625
— non-controlling interests	4,373	956
	23,283	25,581

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Notes	At 30 June 2019 HK\$'000 (unaudited)	At 31 December 2018 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	227,814	246,938
Right-of-use assets		22,140	—
Intangible assets		74,850	80,919
Interests in joint ventures	11	2,151	—
Investment in equity instruments designated at fair value through other comprehensive income		1,501	1,428
Other assets		17,653	4,363
		346,109	333,648
Current assets			
Inventories		68,950	78,998
Trade and other receivables	12	170,036	176,199
Amount due from a related company	13	1,163	901
Pledged bank deposit		28,800	28,800
Bank balances and cash		242,012	264,827
		510,961	549,725
Current liabilities			
Trade and other payables	14	108,235	151,492
Amounts due to directors	15	2,290	2,239
Amounts due to joint ventures		78	—
Taxation payable		11,730	11,878
Bank borrowing — due within one year	16	5,108	5,048
Lease liabilities		10,504	—
		137,945	170,657
Net current assets		373,016	379,068
Total assets less current liabilities		719,125	712,716
Non-current liabilities			
Bank borrowing — due after one year	16	81,427	83,998
Lease liabilities		11,977	—
		93,404	83,998
Net assets		625,721	628,718
Capital and reserves			
Share capital	17	1,052	1,052
Reserves		574,468	581,863
Equity attributable to owners of the Company		575,520	582,915
Non-controlling interests		50,201	45,803
		625,721	628,718

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the Company							Total HK\$'000
	Share capital HK\$'000	Contributed surplus HK\$'000 (note)	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Subtotal HK\$'000	Non- controlling interests HK\$'000	
At 31 December 2018 (audited)	1,052	1,046,809	257	20,979	(486,182)	582,915	45,803	628,718
Profit for the period	—	—	—	—	19,446	19,446	4,347	23,793
Other comprehensive income (expense) for the period	—	—	60	(596)	—	(536)	26	(510)
Total comprehensive income (expense) for the period	—	—	60	(596)	19,446	18,910	4,373	23,283
Deregistration of a subsidiary	—	—	—	—	—	—	25	25
Dividend paid (note 8)	—	(26,305)	—	—	—	(26,305)	—	(26,305)
At 30 June 2019 (unaudited)	1,052	1,020,504	317	20,383	(466,736)	575,520	50,201	625,721
At 31 December 2017 (audited)	1,052	1,046,809	1,304	21,892	(544,406)	526,651	51,104	577,755
Profit for the period	—	—	—	—	25,313	25,313	1,008	26,321
Other comprehensive expense for the period	—	—	(222)	(466)	—	(688)	(52)	(740)
Total comprehensive (expense) income for the period	—	—	(222)	(466)	25,313	24,625	956	25,581
At 30 June 2018 (unaudited)	1,052	1,046,809	1,082	21,426	(519,093)	551,276	52,060	603,336

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash from operating activities	37,011	35,067
Investing activities		
Deposits paid for acquisition of property, plant and equipment	(14,312)	(19,648)
Purchases of property, plant and equipment	(10,009)	(7,184)
Advances to joint ventures	(2,915)	—
Payments for rental deposits	(613)	—
Placement of pledged bank deposit	—	(28,800)
Repayment from a related company	—	75
Proceeds of rental deposits refunded	354	—
Interest received	2,978	1,205
Net cash used in investing activities	(24,517)	(54,352)
Financing activities		
Dividend paid	(26,305)	—
Repayment of lease liabilities	(4,587)	—
Repayment of bank borrowing	(2,511)	—
Interest paid	(1,415)	—
Advances from (repayments to) directors	51	(936)
Net cash used in financing activities	(34,767)	(936)
Net decrease in cash and cash equivalents	(22,273)	(20,221)
Effect of foreign exchange rate changes	(542)	(442)
Cash and cash equivalents at 1 January	264,827	250,848
Cash and cash equivalents at 30 June, represented by		
Bank balances and cash	242,012	230,185

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. General

Paradise Entertainment Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section of this interim report.

The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company, and have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

2. Significant accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment in equity instruments designated at fair value through other comprehensive income (“FVTOCI”), which is measured at fair value at the end of each reporting period.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the annual financial statements of the Company and its subsidiaries (collectively referred as the “Group”) for the year ended 31 December 2018.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

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

2. Significant accounting policies (Continued)

Application of new and amendments to HKFRSs (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

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

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

As a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of leasehold land and buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

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

2. Significant accounting policies (Continued)

Application of new and amendments to HKFRSs (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Right-of-use assets (Continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight line basis over the shorter of its estimated useful life and the lease term.

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

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

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

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

2. Significant accounting policies (Continued)

Application of new and amendments to HKFRSs (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Lease liabilities (Continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

The directors of the Company anticipate that the application of HKFRS 16 will have no material impact on the condensed consolidated financial statements in the current period as a lessor.

2. Significant accounting policies (Continued)

Application of new and amendments to HKFRSs (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement Contains a Lease and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iii. applied a single discount rate to a portfolio of leases with similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in the Macao Special Administrative Region of the People's Republic of China ("Macao"), Hong Kong and the People's Republic of China (the "PRC") was determined on a portfolio basis; and
- iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group recognised lease liabilities of HK\$22,150,000 and right-of-use assets of HK\$22,150,000 upon application of HKFRS 16 at 1 January 2019.

2. Significant accounting policies (Continued)

Application of new and amendments to HKFRSs (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessees' incremental borrowing rate applied is 2.76%.

	At 1 January 2019
	HK\$'000
Operating lease commitments disclosed as at 31 December 2018	49,247
Less: Recognition exemption — short-term leases	(25,891)
	23,356
Lease liabilities discounted at relevant incremental borrowing rates	(1,206)
	22,150
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 January 2019	22,150
Analysed as	
Current	8,833
Non-current	13,317
	22,150

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	HK\$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	22,150
By class:	
Leasehold land and buildings	21,614
Motor vehicles	536
	22,150

2. Significant accounting policies (Continued)

Application of new and amendments to HKFRSs (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessor

The directors of the Company anticipate that the application of HKFRS 16 will have no material impact on the condensed consolidated financial statements in the current period.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 HK\$'000	Adjustments HK\$'000	Carrying amounts under HKFRS 16 at 1 January 2019 HK\$'000
Non-current asset			
Right-of-use assets	—	22,150	22,150
Current liability			
Lease liabilities	—	(8,833)	(8,833)
Non-current liability			
Lease liabilities	—	(13,317)	(13,317)

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

2.2 Impacts and changes in accounting policies of application of other new and amendments to HKFRSs

Impacts and changes in accounting policies of application on Amendments to HKAS 28 Long-term Interests in Associates and Joint Ventures

The amendments clarify that the Group applies HKFRS 9, including the impairment requirements, to long term interests in joint ventures to which the equity method is not applied that form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by HKAS 28 Investments in Associates and Joint Ventures (“HKAS 28”) (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).

As at 30 June 2019, amounts due from joint ventures of HK\$2,915,000 are considered as long-term interests that, in substance form part of the Group’s net investments in the joint ventures. However, the application of the Amendments to HKAS 28 has had no impact on the condensed consolidated financial statements as the Group’s existing accounting policies are consistent with the requirements clarified by the amendments.

2. Significant accounting policies (Continued)

Application of new and amendments to HKFRSs (Continued)

2.2 Impacts and changes in accounting policies of application of other new and amendments to HKFRSs (Continued)

HKAS 23 Borrowing Costs

For any specific borrowing that remains outstanding after the related qualifying asset is ready for its intended use or sale, that borrowing becomes part of the funds that the Group borrows generally when calculating the capitalisation rate on general borrowings.

2.3 Significant changes in significant judgements and key sources of estimation uncertainty

Lease term

In determination on lease term of contracts with renewal options, the Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Incremental borrowing rate

In determination on incremental borrowing rate, the Group applies judgement to determine the applicable rate to calculate the present value of lease payments. The incremental borrowing rate of the Group applies, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

3. Segment information

The executive directors of the Company (the “Executive Directors”) have been identified as the chief operating decision makers (the “CODM”). The Executive Directors review the Group’s business with the following operating and reportable segments:

- | | | |
|----------------------------|---|--|
| Casino management services | — | Provision of casino management services in Macau |
| Gaming systems | — | Development, sale and leasing of electronic gaming equipment and systems |

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, share of losses of joint ventures, finance costs and income tax expenses. This is the measure reported to the Executive Directors for the purposes of resource allocation and assessment of segment performance.

3. Segment information (Continued)

Information regarding the above segments is reported below:

For the six months ended 30 June 2019 (unaudited)

	Casino management services HK\$'000	Gaming systems HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Segment revenue	499,162	92,801		591,963
Segment results	36,281	6,625		42,906
Unallocated corporate expenses				(16,700)
Finance costs				(1,423)
Share of losses of joint ventures				(788)
Profit before taxation				23,995
Taxation				(202)
Profit for the period				23,793
Other information				
Capital expenditure	4,517	5,553	31	10,101
Amortisation of intangible assets	6,069	—	—	6,069
Depreciation of property, plant and equipment	24,457	4,890	523	29,870
Depreciation of right-of-use assets	1,773	1,164	1,991	4,928

3. Segment information (Continued)

For the six months ended 30 June 2018 (unaudited)

	Casino management services HK\$'000	Gaming systems HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Segment revenue	509,162	54,766		563,928
Segment results	47,956	(6,390)		41,566
Unallocated corporate income				7
Unallocated corporate expenses				(15,027)
Profit before taxation				26,546
Taxation				(225)
Profit for the period				26,321
Other information				
Capital expenditure	8,128	4,822	160	13,110
Amortisation of intangible assets	6,069	—	—	6,069
Depreciation of property, plant and equipment	25,672	2,850	592	29,114

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

4. Revenue

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

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Casino management services:		
Provision of casino management services, recognised over time	499,162	509,162
Electronic gaming equipment and systems:		
Sale of electronic gaming equipment and systems, recognised at a point in time	89,325	49,877
Leasing of electronic gaming equipment and systems	2,401	3,960
Royalty income, recognised over time	1,075	929
	92,801	54,766
Total	591,963	563,928
Analysis of revenue:		
Recognised over time	500,237	510,091
Recognised at a point in time	89,325	49,877
Revenue recognition for revenue from contracts with customers	589,562	559,968
Leasing income	2,401	3,960
Total	591,963	563,928

5. Finance costs

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Interest on bank borrowing	1,100	—
Interest on lease liabilities	323	—
Total	1,423	—

6. Profit before taxation

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging:		
Cost of inventories recognised as expenses	23,455	15,001
Depreciation of property, plant and equipment	29,870	29,114
Depreciation of right-of-use assets	4,928	—
Short-term lease rentals in respect of rented premises	26,037	—
Variable lease rentals in respect of rented premises which are not included in lease liabilities	15,338	—
Operating lease rentals in respect of rented premises	—	19,024
Research and development expenditure (note)	44,247	30,289
Loss on disposal of property, plant and equipment	—	2
Write-down of inventories	436	—

Note: Research and development expenditure for the six months ended 30 June 2019 of HK\$44,247,000 (six months ended 30 June 2018: HK\$30,289,000) includes staff costs of HK\$20,122,000, depreciation of property, plant and equipment of HK\$501,000, depreciation of right-to-use assets of HK\$925,000, short-term lease expenses of HK\$504,000 and other expenses of HK\$22,195,000 (six months ended 30 June 2018: staff costs of HK\$16,883,000, depreciation of property, plant and equipment of HK\$461,000, operating lease expenses of HK\$1,171,000 and other expenses of HK\$11,774,000).

7. Taxation

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax charge		
— Lump Sum Dividend Tax	189	189
— PRC Enterprise Income Tax	13	36
	202	225

The provision for taxation is calculated on the assessable profit for operating subsidiaries established in the PRC at the PRC Enterprise Income Tax rate of 25% prevailing in the PRC. Taxation for overseas subsidiaries, except for those incorporated in the PRC, are charged at the appropriate current rate of taxation ruling in the relevant countries.

No provision for Macau Complementary Tax ("Macau CT") or Hong Kong Profits Tax is made in the condensed consolidated financial statements as the Group did not generate any assessable profit in Macau and Hong Kong for both interim periods.

7. Taxation (Continued)

Pursuant to the confirmation letters issued by the Financial Services Bureau of the Macau government dated 15 August 2017, 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 Sociedade de Jogos de Macau, S.A. (“SJM”) is not subject to Macau CT for the years ended/ending 31 December 2017 to 2019 and the three months ending 31 March 2020, respectively, since it is derived from SJM’s 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. 378/2011 of 23 November 2011.

Pursuant to the approval letter issued by the Financial Services Bureau of the Macau government dated 15 August 2017, LT Macau is obligated to pay an annual lump sum dividend withholding tax of Macau Pataca (“MOP”) 389,000 (equivalent to HK\$378,000) for each of the years ended/ending 31 December 2017 to 2019 and MOP97,000 (equivalent to HK\$94,000) for the three months ending 31 March 2020 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 casinos at Casino Kam Pek Paradise, Casino Lisboa, and Casino Macau Jockey Club. These annual lump sum tax payments are required regardless of whether dividends are actually distributed or whether LT Macau has distributable profits in the relevant years. For the six months ended 30 June 2019, provision for taxation of HK\$189,000 (six months ended 30 June 2018: HK\$189,000) has been recognised which was charged to the condensed consolidated statement of profit or loss.

No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future taxable profit streams.

8. Dividend

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Final dividend paid, per ordinary share		
— HK2.5 cents for 2018	26,305	—

No dividend was paid, declared or proposed in respect of both interim periods.

9. Earnings per share

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

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)

Earnings

Profit for the period attributable to the owners of the Company
for the purposes of basic earnings per share

	19,446	25,313
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	Six months ended 30 June	
	2019	2018
	'000	'000
	(unaudited)	(unaudited)

Number of shares

Weighted average number of ordinary shares for the purposes
of basic earnings per share

	1,052,185	1,052,185
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For the six months ended 30 June 2019 and 30 June 2018, no diluted earnings per share were presented as there were no dilutive potential ordinary shares.

10. Property, plant and equipment

	At	At
	30 June	31 December
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(audited)

Carrying values

Leasehold land and buildings	130,787	132,931
Leasehold improvements	28,460	38,935
Plant and machinery	55,006	60,074
Furniture, fixtures and office equipment	7,656	8,639
Motor vehicles	5,905	6,359
Total	227,814	246,938

During the six months ended 30 June 2019, the Group incurred HK\$10,101,000 (six months ended 30 June 2018: HK\$13,110,000) on acquisition of property, plant and equipment.

11. Interests in joint ventures

In the current interim period, the Group acquired 50% equity interests in Tong Sin Catering And Import & Export Group Company Limited and Bigger A Import And Export Trade Limited for a total consideration of MOP25,000 (equivalent to HK\$24,000). The joint ventures are principally engaged in the business of importing, exporting and sales of frozen food products and packaged meats.

As at 30 June 2019, amounts due from joint ventures of HK\$2,915,000 are considered as long-term interests that, in substance, form part of the Group's investment in the joint ventures. The amounts due from joint ventures are unsecured, interest-free, and have no fixed terms of repayment.

The joint ventures are accounted for using the equity method in these condensed consolidated financial statements.

12. Trade and other receivables

	At 30 June 2019 HK\$'000 (unaudited)	At 31 December 2018 HK\$'000 (audited)
Trade receivables, net (note i)	64,657	72,451
Chips on hand (note ii)	30,816	29,354
Deposits paid	46,040	45,176
Loan receivable (note iii)	15,600	15,600
Other receivables and prepayments (note iii)	12,923	13,618
	170,036	176,199

Notes:

- (i) At the end of the reporting period, trade receivables comprise amounts receivable from the gaming operators for the Group's provision of casino management services and customers for the Group's sale of electronic gaming equipment and systems. No interest is charged on the trade receivables.

As at 30 June 2019, trade receivables of HK\$64,657,000 (31 December 2018: HK\$72,451,000) comprised receivables from contracts with customers and lease receivables of HK\$63,821,000 (31 December 2018: HK\$72,120,000) and HK\$836,000 (31 December 2018: HK\$331,000), respectively.

Before accepting any new customer, the Group gathers and assesses the credit information of the potential customer in considering the customer's quality and determining the credit limits for that customer. Recoverability and credit limit of the existing customers are reviewed by the Group regularly. At the end of the reporting period, included in the Group's trade receivable balances are receivables with aggregate carrying amount of HK\$61,542,000 (31 December 2018: HK\$69,739,000), which are neither past due nor impaired.

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

As at 30 June 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$3,115,000 (31 December 2018: HK\$2,712,000) which are past due as at the reporting date. Out of the past due balances, HK\$2,299,000 (31 December 2018: HK\$1,859,000) has been past due 90 days or more and is 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 2019, 95.2% (31 December 2018: 96.3%) of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the internal credit scoring system used by the Group.

12. Trade and other receivables (Continued)

Notes: (continued)

(i) (continued)

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 2019 HK\$'000 (unaudited)	At 31 December 2018 HK\$'000 (audited)
Age:		
0–30 days	60,252	69,812
31–60 days	2,557	524
61–90 days	843	126
91–180 days	935	159
181–365 days	70	1,830
	64,657	72,451

(ii) Chips on hand represent chips issued by gaming operators in Macau which can be exchanged into their cash amounts.

(iii) Pursuant to a loan agreement dated 5 October 2016, LT View Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands (the “BVI”), agreed to grant a loan to LT Game Japan Limited (“LT Japan”), a company which is incorporated in Japan and is principally engaged in the development and manufacture of gaming products, in the principal amount of US\$2,000,000 (equivalent to HK\$15,600,000) with interest charged at the rate of 8% per annum. The loan is unsecured and guaranteed by Mr. Pak Sui, who holds an 18% shareholding in, and is a director of, LT Game Limited, an indirect subsidiary of the Company incorporated in the BVI. Pursuant to the loan agreement and the subsequent amendments to the loan agreement (collectively referred to as the “Loan Agreement”), the maturity date of the loan principal and accrued interest thereon is 5 October 2019.

At 30 June 2019, HK\$3,416,000 (31 December 2018: HK\$2,797,000) was included in other receivables and prepayments in respect of the interest receivable pursuant to the Loan Agreement.

13. Amount due from a related company

The amount due from a related company is unsecured, interest-free and repayable on demand. The amount of HK\$1,163,000 (31 December 2018: HK\$678,000) is trade in nature and aged within 0 to 30 days based on invoice date which are neither past due nor impaired at the end of the reporting period.

14. Trade and other payables

	At 30 June 2019 HK\$'000 (unaudited)	At 31 December 2018 HK\$'000 (audited)
Trade payables	19,545	21,426
Accrued staff costs	27,343	29,213
Accrued promotional expenses	30,616	32,802
Contract liabilities	18,105	44,878
Deposits received	997	1,086
Other sundry payables	4,108	15,552
Other accrued expenses	7,521	6,535
	108,235	151,492

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

	At 30 June 2019 HK\$'000 (unaudited)	At 31 December 2018 HK\$'000 (audited)
Age:		
0–30 days	18,522	14,672
31–60 days	68	5,665
61–90 days	503	250
91–365 days	277	839
Over 365 days	175	—
	19,545	21,426

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

Deposits received from customers in relation to the sale of electronic gaming equipment and systems result in contract liabilities being recognised until the goods approved by the local regulatory authority are delivered and title has been passed. Such deposits are expected to be recognised as revenue within one year from date of receipt.

Revenue of HK\$32,111,000 recognised during the six months ended 30 June 2019 relates to carried forward contract liabilities that were included in the contract liabilities at 1 January 2019.

14. Trade and other payables (Continued)

The following table summarises the liability activity related to contracts with customers:

	Liabilities in relation to deposits received from customers	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Balance at 1 January	44,878	28,772
Recognised as revenue for the period	(32,111)	(28,772)
Increase	5,338	—
Balance at 30 June	18,105	—

15. Amounts due to directors

The amounts due to directors include HK\$1,067,000 (31 December 2018: HK\$1,036,000) payable to Mr. Jay Chun, chairman and an Executive Director, HK\$943,000 (31 December 2018: HK\$943,000) payable to Mr. Shan Shiyong, alias, Sin Sai Yung, an Executive Director, and amounts in aggregate of HK\$280,000 (31 December 2018: HK\$260,000) payable to other directors of the Company. The amounts are unsecured, interest-free and repayable on demand.

16. Bank borrowing

	At 30 June 2019 HK\$'000 (unaudited)	At 31 December 2018 HK\$'000 (audited)
Bank borrowing	86,535	89,046
The bank borrowing is repayable as follows*:		
Within one year	5,108	5,048
Within a period of more than one year but not exceeding two years	5,244	5,176
Within a period of more than two years but not exceeding five years	16,540	16,335
Within a period of more than five years	59,643	62,487
	86,535	89,046
Less: Amounts due within one year shown under current liabilities	(5,108)	(5,048)
	81,427	83,998

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

At 30 June 2019, the bank borrowing carried interest at the Lending Prime Rate ("Prime rate") as quoted by the lending bank from time to time minus 2.85% (31 December 2018: Prime rate minus 2.85%) per annum. The effective interest rate of the bank borrowing is 2.53% (31 December 2018: 2.53%) per annum.

At 30 June 2019, the bank borrowing of HK\$86,535,000 (31 December 2018: HK\$89,046,000) was secured by a mortgage over the Group's leasehold land and buildings with carrying amount of HK\$130,787,000 (31 December 2018: HK\$132,931,000). The bank borrowing is denominated in MOP.

17. Share capital

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.001 each		
<i>Authorised:</i>		
At 31 December 2017 (audited), 31 December 2018 (audited) and 30 June 2019 (unaudited)	1,000,000,000	1,000,000
<i>Issued and fully paid:</i>		
At 31 December 2017 (audited), 31 December 2018 (audited) and 30 June 2019 (unaudited)	1,052,185	1,052

18. Capital commitments

	At 30 June 2019 HK\$'000 (unaudited)	At 31 December 2018 HK\$'000 (audited)
Capital expenditure in respect of property, plant and equipment contracted for but not provided for in the condensed consolidated financial statements	81,636	1,062

19. Fair value measurements of financial instruments

Other than investment in equity instruments designated at FVTOCI, the fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Investment in equity instruments designated at FVTOCI in respect of listed equity securities are determined by reference to the quoted bid prices in an active market. The fair value measurement is classified as Level 1 under fair value hierarchy. There were no transfers between Level 1 and other Levels during both interim periods.

The directors of the Company consider that the carrying amounts of all financial assets and financial liabilities recorded at amortised cost at the end of each reporting period approximate their corresponding fair values.

20. Related party transactions

Except for disclosures elsewhere in the condensed consolidated financial statements, the Group had the following significant transactions during the reporting period with related parties:

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Sale of electronic gaming equipment and systems (note i)	581	376
Consultancy fee (note ii)	240	270
Staff costs (note iii)	2,326	2,481

Notes:

- (i) The related party is a company wholly-owned by the brother-in-law of Mr. Jay Chun, an Executive Director. These transactions constitute continuing connected transactions for the purpose of Chapter 14A of the Listing Rules.
- (ii) The related party is the brother-in-law of Mr. Jay Chun, an Executive Director.
- (iii) The related party is the spouse of Mr. Jay Chun, an Executive Director.

21. Event after the reporting period

During the six months ended 30 June 2019, the Group entered into sale and purchase agreements with an independent third party to acquire from him certain properties in Macau at a total consideration of HK\$90,000,000. The acquisition was financed by internal resources of the Group and a new bank borrowing with principal of HK\$63,000,000. The bank borrowing carries prevailing market rate and is secured by a mortgage over certain properties acquired by the Group. The bank borrowing was drawn down by the Group to finance the acquisition and the sale and purchase transaction was completed on 8 August 2019. Further details regarding the acquisition are set out in the Company's announcements dated 4 June 2019 and 8 August 2019.

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, income tax expense, depreciation of property, plant and equipment, depreciation on right-of-use assets, amortisation of intangible assets, gain or loss on disposal of property, plant and equipment, and costs incurred or associated with corporate exercises or potential projects, where applicable
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
“Company”	Paradise Entertainment Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“DETG”	Dealer-operated Electronic Table Game
“DICJ”	Direcção de Inspeção e Coordenação de Jogos, the Gaming Inspection and Coordination Bureau in Macau
“Director(s)”	the director(s) of the Company
“ETG”	electronic table game
“Galaxy”	Galaxy Casino, S.A., one of the three concessionaires for operation of casinos in Macau
“GGR”	gross gaming revenue, being total net win generated by all casino gaming activities combined, calculated before deduction of commissions and other expenses, if any
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IGT”	a Nevada corporation and a subsidiary of International Game Technology PLC, which is listed on the New York Stock Exchange under the trading symbol “IGT”
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LMG”	live multi game

“Macau”	the Macao Special Administrative Region of the PRC
“Model Code”	the Model Code for Securities Transaction by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“MOP”	Macau Pataca, the lawful currency of Macau
“PRC”	the People’s Republic of China
“Properties”	Units 10A and 10B of Industrial Kin Ip at 175–179 Avenida de Venceslau de Morais, Macau, with the rights to use two parking spaces
“Purchaser”	Grand Step Limited, a company incorporated in Macau and an indirect wholly-owned subsidiary of the Company
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted by the Company at the annual general meeting held on 25 May 2017
“Shareholder(s)”	holder(s) of the Shares
“SJM”	Sociedade de Jogos de Macau, S.A., one of the three concessionaires for operation of casinos in Macau
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Technical Standards”	DETG Technical Standards Version 1.0 published by the DICJ
“US\$”	the United States dollars, the lawful currency of the United States of America
“Vendor”	an individual and an independent third-party of the Company
“%”	per cent