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PARADISE ENTERTAINMENT LIMITED

滙彩控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1180)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

RESULTS

The Board announces the unaudited consolidated interim results of the Group for the six months ended 30 June 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	3	425,271	246,718
Cost of sales and services		<u>(167,048)</u>	<u>(131,815)</u>
Gross profit		258,223	114,903
Other income, gains and losses		18,450	8,236
Marketing, selling and distribution costs		(57,850)	(43,102)
Operating and administrative expenses		(85,558)	(67,321)
Amortisation of intangible assets		(6,068)	(6,068)
Finance costs	5	<u>(6,144)</u>	<u>(9,626)</u>
Profit (loss) before taxation	6	121,053	(2,978)
Taxation	7	<u>(1,646)</u>	<u>(44)</u>
Profit (loss) for the period		<u>119,407</u>	<u>(3,022)</u>
Profit (loss) for the period attributable to:			
— owners of the Company		116,116	680
— non-controlling interests		<u>3,291</u>	<u>(3,702)</u>
		<u>119,407</u>	<u>(3,022)</u>
		HK cents (unaudited)	HK cents (unaudited)
Basic earnings per Share	9	<u>11.0</u>	<u>0.1</u>

* For identification purposes only

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Profit (loss) for the period	119,407	(3,022)
Other comprehensive income (expense) for the period:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	1,603	1,679
Reclassification of cumulative translation reserve upon deregistration of a foreign operation	<u>(6,209)</u>	<u>—</u>
	<u>(4,606)</u>	<u>1,679</u>
Total comprehensive income (expense) for the period	<u>114,801</u>	<u>(1,343)</u>
Total comprehensive income (expense) for the period attributable to:		
— owners of the Company	111,256	2,317
— non-controlling interests	<u>3,545</u>	<u>(3,660)</u>
	<u>114,801</u>	<u>(1,343)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		At 30 June 2024 <i>HK\$'000</i> (unaudited)	At 31 December 2023 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment		223,497	227,649
Right-of-use assets		19,542	24,262
Intangible assets		14,161	20,229
Interests in a joint venture		—	—
Deferred tax assets		164	164
Other assets		26,184	25,010
Pledged bank deposits		<u>48,134</u>	<u>47,346</u>
		<u>331,682</u>	<u>344,660</u>
Current assets			
Inventories		39,643	33,785
Trade and other receivables	10	108,190	82,064
Amount due from a related company	11	2,256	2,256
Convertible loan		—	—
Bank balances and cash		<u>128,133</u>	<u>59,627</u>
		<u>278,222</u>	<u>177,732</u>
Current liabilities			
Trade and other payables	12	60,752	78,901
Amounts due to Directors		1,793	1,796
Taxation payable		6,661	5,060
Bank borrowings — due within one year		10,320	10,150
Other borrowings — due within one year		10,370	6,637
Lease liabilities		14,831	14,031
Contract liabilities		17,002	11,968
Loans from a Shareholder	13	<u>22,076</u>	<u>20,778</u>
		<u>143,805</u>	<u>149,321</u>
Net current assets		<u>134,417</u>	<u>28,411</u>
Total assets less current liabilities		<u>466,099</u>	<u>373,071</u>

		At 30 June 2024 <i>HK\$'000</i> (unaudited)	At 31 December 2023 <i>HK\$'000</i> (audited)
Non-current liabilities			
Bank borrowings — due after one year		110,445	115,650
Other borrowings — due after one year		208	243
Lease liabilities		7,941	13,094
Loans from a Shareholder	<i>13</i>	<u>14,189</u>	<u>25,570</u>
		<u>132,783</u>	<u>154,557</u>
Net assets		<u><u>333,316</u></u>	<u><u>218,514</u></u>
Capital and reserves			
Share capital		1,052	1,052
Reserves		<u>307,889</u>	<u>196,633</u>
Equity attributable to owners of the Company		308,941	197,685
Non-controlling interests		<u>24,375</u>	<u>20,829</u>
Total equity		<u><u>333,316</u></u>	<u><u>218,514</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for the convertible loan, which is measured at fair value at the end of each reporting period.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

3. REVENUE

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Casino management services:		
Provision of casino management services, recognised over time	<u>356,515</u>	<u>240,052</u>
Gaming systems:		
— Macau		
Sale of electronic gaming equipment and systems, recognised at a point in time	66,210	2,182
Leasing of electronic gaming equipment and systems — variable operating lease payments	<u>1,934</u>	<u>1,499</u>
	<u>68,144</u>	<u>3,681</u>
— Royalty income, recognised over time	<u>—</u>	<u>179</u>
	<u>68,144</u>	<u>3,860</u>
Innovative and renewable energy solutions business:		
Sale of smart charging equipment, recognised at a point in time	47	2,806
Provision of charging services to electric vehicles, recognised over time	<u>565</u>	<u>—</u>
	<u>612</u>	<u>2,806</u>
	<u>425,271</u>	<u>246,718</u>
Analysis of revenue:		
Recognised over time	357,080	240,231
Recognised at a point in time	<u>66,257</u>	<u>4,988</u>
Revenue recognition for revenue from contracts with customers	423,337	245,219
Leasing income — variable operating lease payments	<u>1,934</u>	<u>1,499</u>
	<u>425,271</u>	<u>246,718</u>

4. SEGMENT INFORMATION

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

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

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

Information regarding the above segments is reported below:

For the six months ended 30 June 2024 (unaudited)

	Casino management services HK\$'000	Gaming systems HK\$'000	Innovative and renewable energy solutions business HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Segment revenue	<u>356,515</u>	<u>68,144</u>	<u>612</u>		<u>425,271</u>
Segment results	<u>124,480</u>	<u>7,876</u>	<u>(918)</u>		131,438
Unallocated corporate income					8,055
Unallocated corporate expenses					(12,296)
Finance costs					<u>(6,144)</u>
Profit before taxation					121,053
Taxation					<u>(1,646)</u>
Profit for the period					<u>119,407</u>
Other information					
Capital expenditure	8,599	3,994	43	649	13,285
Amortisation of intangible assets	6,068	—	—	—	6,068
Depreciation of property, plant and equipment	8,575	4,529	332	647	14,083
Depreciation of right-of-use assets	5,253	1,422	—	1,282	7,957
Gain on deregistration of a subsidiary	<u>—</u>	<u>—</u>	<u>—</u>	<u>(6,209)</u>	<u>(6,209)</u>

For the six months ended 30 June 2023 (unaudited)

	Casino management services <i>HK\$'000</i>	Gaming systems <i>HK\$'000</i>	Innovative and renewable energy solutions business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>240,052</u>	<u>3,860</u>	<u>2,806</u>		<u>246,718</u>
Segment results	<u>37,514</u>	<u>(23,156)</u>	<u>292</u>		14,650
Unallocated corporate income					5,095
Unallocated corporate expenses					(13,097)
Finance costs					<u>(9,626)</u>
Loss before taxation					(2,978)
Taxation					<u>(44)</u>
Loss for the period					<u>(3,022)</u>
Other information					
Capital expenditure	1,030	5,562	1,322	725	8,639
Amortisation of intangible assets	6,068	—	—	—	6,068
Depreciation of property, plant and equipment	7,131	4,504	25	644	12,304
Depreciation of right-of-use assets	5,416	1,534	146	(363)	6,733
Loss (gain) on disposal/ write-off of property, plant and equipment	—	2	—	(16)	(14)
Gain arising from early termination of lease contracts	(88)	(5)	—	—	(93)
Write-down of inventories	<u>—</u>	<u>195</u>	<u>—</u>	<u>11</u>	<u>206</u>

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

Geographical information

The Group's operations are principally located in Macau, U.S. and the PRC.

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Macau	424,659	243,733
U.S.	—	179
The PRC	612	<u>2,806</u>
	<u>425,271</u>	<u>246,718</u>

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

Information about major customers

During the six months ended 30 June 2024, revenue derived from one customer (six months ended 30 June 2023: one customer), which contributed over 10% of the Group's revenue, is as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Casino management services segment	356,515	240,052
Gaming systems segment	4,437	—
	<u>360,952</u>	<u>240,052</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on:		
— bank borrowings	2,059	1,862
— loans from a Shareholder	2,582	5,703
— lease liabilities	1,503	<u>2,061</u>
	<u>6,144</u>	<u>9,626</u>

7. TAXATION

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current taxation charges:		
Macau Complementary Tax	250	—
Lump sum dividend tax	1,358	184
PRC Enterprise Income Tax	38	24
	1,646	208
Deferred tax credit	—	(164)
	1,646	44

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

Macau Complementary Tax (“Macau CT”) is calculated at 12% of the estimated assessable profit. No provision for Macau CT was made in the condensed consolidated financial statements for the six months ended 30 June 2023 as the Group did not generate any assessable profit for that period.

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

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

Pursuant to the letter issued by the Financial Services Bureau of the Macau government dated 28 October 2020, LT Macau is obligated to pay lump sum dividend tax of MOP388,000 (equivalent to HK\$376,000) for the period from 1 January 2021 to 31 December 2021 and MOP190,000 (equivalent to HK\$184,000) for the period from 1 January 2022 to 26 June 2022, respectively, as payment in lieu of Macau CT otherwise due by the shareholders of LT Macau on dividend distributions from gaming profits generated in relation to the operation of the casino at Casino Kam Pek Paradise. The lump sum dividend tax payment is required regardless of whether dividends were actually distributed or whether LT Macau had distributable profits in the relevant period. For the six months ended 30 June 2024, provision for dividend tax of HK\$1,358,000 (six months ended 30 June 2023: HK\$184,000) has been recognised which was charged to the condensed consolidated statement of profit or loss.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Regulation on the Implementation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

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

8. DIVIDEND

Subsequent to the end of the current interim period, the Directors have determined that an interim dividend of HK5.0 cents per Share amounting to HK\$52,609,000 in aggregate will be paid to owners of the Company whose names appear in the register of members of the Company on 20 September 2024.

No dividends were paid, declared or proposed during the six months ended 30 June 2023. The Directors determined that no dividend would be paid in respect of the six months ended 30 June 2023.

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	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings		
Profit for the period attributable to owners of the Company		
for the purposes of basic earnings per Share	<u>116,116</u>	<u>680</u>
	Six months ended 30 June	
	2024	2023
	'000	'000
	(unaudited)	(unaudited)
Number of Shares		
Weighted average number of Shares for the purposes of		
basic earnings per Share	<u>1,052,185</u>	<u>1,052,185</u>

For the six months ended 30 June 2024 and 30 June 2023, no diluted earnings per Share were presented as there were no dilutive potential Shares.

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Trade receivables, net (<i>note i</i>)	75,184	54,894
Deposits paid	11,192	4,395
Loan receivable (<i>note ii</i>)	6,970	6,970
Other receivables	10,113	11,090
Prepayments	4,731	4,715
	<u>108,190</u>	<u>82,064</u>

Notes:

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

As at 30 June 2024, trade receivables of HK\$75,184,000 (31 December 2023: HK\$54,894,000) comprised receivables from contracts with customers and lease receivables of HK\$74,513,000 (31 December 2023: HK\$54,581,000) and HK\$671,000 (31 December 2023: HK\$313,000), respectively.

Before accepting any new customer, the Group gathers and assesses the credit information of the potential customer for considering the customer's quality and determining the credit limits for that customer. Recoverability and credit limit of the existing customers are reviewed by the Group regularly. As at 30 June 2024, included in the Group's trade receivable balances were receivables with an aggregate carrying amount of HK\$68,088,000 (31 December 2023: HK\$51,743,000) which are not past due. The Directors considered that trade receivables are of good credit quality given the continuous settlements from the gaming operator and other customers and forward-looking information such as the economic outlook.

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

As at 30 June 2024, included in the Group's trade receivables balance were receivables with aggregate carrying amount of HK\$7,096,000 (31 December 2023: HK\$3,151,000) which are past due as at the reporting date. Out of the past due balances at 30 June 2024, HK\$210,000 (31 December 2023: HK\$2,000) was past due 90 days or more and was not considered as in default based on historical repayment pattern from the specific debtors. The Group does not hold any collateral over these balances.

As at 30 June 2024, 90.6% (31 December 2023: 94.3%) of the trade receivables that are not credit-impaired had the best credit scoring attributable under the internal credit scoring system used by the Group.

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

	At 30 June 2024 <i>HK\$'000</i> (unaudited)	At 31 December 2023 <i>HK\$'000</i> (audited)
Age:		
0–30 days	68,088	51,743
31–60 days	3,372	1,645
61–90 days	387	1,335
91–180 days	3,337	171
	<u>75,184</u>	<u>54,894</u>

- (ii) The amount represented a loan granted by the Group to a third party which is a company incorporated in Japan and principally engaged in the development and manufacture of gaming products. The loan is unsecured, bears interest at the rate of 8% per annum and is guaranteed by a director of an indirect non-wholly owned subsidiary of the Company who also holds an 18% shareholding in this non-wholly owned subsidiary. The maturity date of the outstanding loan principal and accrued interest is 5 October 2024. At 30 June 2024, an amount of the interest receivable of HK\$609,000 (31 December 2023: HK\$332,000) accrued from the loan was included in other receivables.

11. AMOUNT DUE FROM A RELATED COMPANY

The amount due from a related company is trade in nature, unsecured and interest-free. The related company is a company wholly-owned by the brother-in-law of Dr. Chun.

The Group normally allows a credit period with an average of 30 days to the related company.

As at 30 June 2024, the amount due from a related company of HK\$2,256,000 (31 December 2023: HK\$2,256,000) was aged over 365 days (31 December 2023: over 365 days) based on invoice date. The balance was not credit-impaired at the end of the reporting period.

12. TRADE AND OTHER PAYABLES

	At 30 June 2024 <i>HK\$'000</i> (unaudited)	At 31 December 2023 <i>HK\$'000</i> (audited)
Trade payables	11,814	16,979
Accrued staff costs	9,318	14,021
Accrued promotional expenses	20,672	19,476
Deposits received	640	640
Payable for acquisition of property, plant and equipment	3,269	4,717
Other sundry payables	9,703	15,224
Other accrued expenses	<u>5,336</u>	<u>7,844</u>
	<u>60,752</u>	<u>78,901</u>

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

	At 30 June 2024 <i>HK\$'000</i> (unaudited)	At 31 December 2023 <i>HK\$'000</i> (audited)
Age:		
0–30 days	5,385	6,140
31–60 days	3,725	2,846
61–90 days	354	1,648
91–365 days	1,753	5,433
Over 365 days	<u>597</u>	<u>912</u>
	<u>11,814</u>	<u>16,979</u>

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

13. LOANS FROM A SHAREHOLDER

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Loans from a Shareholder under the 2023 Loan Facilities (<i>note i</i>)	<u>36,265</u>	<u>46,348</u>
The loans from a Shareholder are repayable as follows*:		
Within one year	22,076	20,778
Within a period of more than one year but not exceeding two years	14,189	23,492
Within a period of more than two years but not exceeding five years	<u>—</u>	<u>2,078</u>
	36,265	46,348
Less: Amounts due within 12 months shown under current liabilities	<u>(22,076)</u>	<u>(20,778)</u>
Amounts due after 12 months shown under non-current liabilities	<u>14,189</u>	<u>25,570</u>

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

Note:

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

The outstanding amounts under the 2023 Loan Facilities as at 30 June 2024 were denominated in HK\$.

14. CAPITAL COMMITMENTS

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Capital expenditure in respect of property, plant and equipment contracted for but not provided for in the condensed consolidated financial statements	<u>9,011</u>	<u>5,463</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

Overview of Results

Following the full resumption of cross-border travel in February 2023, the relaxation of Covid-19 restrictions, and the increase in tourist arrivals in Macau, the gaming industry has witnessed a strong rebound since the pandemic. According to published statistical data, Macau received about 16.7 million visitors in the six months ended 30 June 2024, representing an increase of 44.0% when compared with that of 11.6 million in the six months ended 30 June 2023. GGR in Macau for the six months ended 30 June 2024 reached MOP113.8 billion, representing an increase of 42.1% when compared with that of MOP80.1 billion in the six months ended 30 June 2023. The solid recovery of the gaming industry from the pandemic and the surge in visitor arrivals in Macau during the six months ended 30 June 2024 have benefited the Group's operations in Macau, in particular the number of patrons to Casino Kam Pek Paradise, the casino under the Group's management in Macau, and the increasing appeal of its electronic gaming equipment and systems (including the LMG terminals and related products) to casino operators in Macau. Overall, the Group's results for the reporting period demonstrate its ability to capitalise on the recovery in Macau's gaming market and its continued commitment to leveraging its expertise to drive growth in the region.

Total reported revenue of the Group for the six months ended 30 June 2024 was HK\$425.3 million, representing an increase of 72.4% over that of HK\$246.7 million for the six months ended 30 June 2023. The increase in the total reported revenue of the Group was mainly due to the increase in revenue from the provision of casino management services in Macau and the sale of electronic gaming equipment and systems in Macau. The Group recorded a profit of HK\$119.4 million for the six months ended 30 June 2024, as compared with a loss of HK\$3.0 million for the six months ended 30 June 2023.

An analysis of reported revenue by nature is as follows:

	Six months ended 30 June	
	2024	2023
	HK\$ million	HK\$ million
Casino under the Group's management in Macau:		
Casino Kam Pek Paradise	<u>356.5</u>	<u>240.0</u>
Electronic gaming equipment and systems:		
Sale/leasing of electronic gaming equipment and systems in Macau*	<u>68.2</u>	<u>3.7</u>
Royalty income from IGT	<u>—</u>	<u>0.2</u>
	<u>68.2</u>	<u>3.9</u>
Innovative and renewable energy solutions business in Mainland China	<u>0.6</u>	<u>2.8</u>
Total reported revenue	<u><u>425.3</u></u>	<u><u>246.7</u></u>

* Leasing revenue in Macau for the six months ended 30 June 2024 and 30 June 2023 did not include the intercompany revenue derived from the LMG terminals deployed at the casino under the Group's management amounting to HK\$84.8 million (six months ended 30 June 2023: HK\$49.8 million) which was included in the reported revenue of Casino Kam Pek Paradise under the Group's management in the above table.

Adjusted EBITDA for the six months ended 30 June 2024 was a profit of HK\$147.7 million, representing an increase of 376.5% over that of HK\$31.0 million for the six months ended 30 June 2023.

Adjusted EBITDA (non-HKFRSs measure) is the Group's profit or loss for the period before interest income, finance costs, taxation, depreciation of property, plant and equipment, depreciation of right-of-use assets, gain or loss on early termination of lease contracts, amortisation of intangible assets, gain on deregistration of a subsidiary, and costs incurred or associated with corporate exercises or potential projects, where applicable.

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

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

	Six months ended 30 June	
	2024	2023
	<i>HK\$ million</i>	<i>HK\$ million</i>
Profit (loss) for the period	119.4	(3.0)
Adjustments for:		
Interest income ⁽¹⁾	(1.4)	(0.7)
Finance costs ⁽²⁾	6.1	9.6
Taxation ⁽³⁾	1.6	—
Depreciation of property, plant and equipment ⁽⁴⁾	14.1	12.3
Depreciation of right-of-use assets ⁽⁴⁾	8.0	6.7
Gain arising from early termination of lease contracts ⁽⁵⁾	—	(0.1)
Amortisation of intangible assets ⁽⁴⁾	6.1	6.1
Gain on deregistration of a subsidiary ⁽⁵⁾	(6.2)	—
Others ⁽⁶⁾	—	0.1
	<hr/>	<hr/>
Adjusted EBITDA	<u>147.7</u>	<u>31.0</u>

Notes:

- (1) Interest income is excluded from profit or loss for the period to arrive at Adjusted EBITDA as it is a non-operating item which does not directly relate to the primary operations of the Group.
- (2) Finance costs are excluded from profit or loss for the period to arrive at Adjusted EBITDA as they relate to capital structure of the Group but are not directly associated with the Group's day-to-day operating performance.
- (3) Taxation is excluded from profit or loss for the period to arrive at Adjusted EBITDA as it is a non-operating item associated with the Group's income tax obligations which may differ from year-to-year due to changes in tax laws or policies, or other non-recurring events. Since taxation charge for the six months ended 30 June 2023 was only HK\$44,000 (as extracted from the Group's condensed consolidated financial statements), the amount was insignificant compared to the HK\$ million presentation in the above table. As a result, the related adjusting item for taxation for the six months ended 30 June 2023 was not explicitly presented in the above table.
- (4) These items are excluded from profit or loss for the period to arrive at Adjusted EBITDA as they are non-cash expenses not directly related to the Group's operating cash flows.
- (5) These items are excluded from profit or loss for the period to arrive at Adjusted EBITDA as they are non-recurring events that are not part of the Group's primary operations. No adjustment was made for gain arising from early termination of lease contracts in the six months ended 30 June 2024 and gain on deregistration of a subsidiary in the six months ended 30 June 2023 as there were no such events being recognised in the condensed consolidated financial statements of the Group for the relevant periods.
- (6) Others represent mainly rounding differences when converting the adjusting items from the nearest HK\$ thousand (as extracted from the Group's condensed consolidated financial statements) to the nearest HK\$ million (as presented above). This rounding was made to align the presentation format across the table which displays figures in HK\$ million.

An analysis of Adjusted EBITDA by nature is as follows:

	Six months ended 30 June	
	2024	2023
	<i>HK\$ million</i>	<i>HK\$ million</i>
Casino under the Group's management in Macau:		
Casino Kam Pek Paradise	<u>143.8</u>	<u>55.8</u>
Electronic gaming equipment and systems:		
Sale/leasing of electronic gaming equipment and systems	25.7	(4.0)
Research and development and other costs	(14.5)	(13.7)
ETG distribution from IGT	<u>—</u>	<u>0.2</u>
	<u>11.2</u>	<u>(17.5)</u>
Other businesses	0.2	(0.7)
Corporate and other expenses	<u>(7.5)</u>	<u>(6.6)</u>
Adjusted EBITDA	<u><u>147.7</u></u>	<u><u>31.0</u></u>

Adjusted EBITDA from the casino under the Group's management in Macau segment for the six months ended 30 June 2024 was a profit of HK\$143.8 million, representing an increase of 157.7% over that of HK\$55.8 million for the six months ended 30 June 2023. The increase was mainly due to the increase in GGR generated by Casino Kam Pek Paradise in Macau when compared with that generated for the six months ended 30 June 2023, mainly due to the increase in the number of patrons to Casino Kam Pek Paradise during the six months ended 30 June 2024 as mentioned above.

Adjusted EBITDA from the electronic gaming equipment and systems segment for the six months ended 30 June 2024 was a profit of HK\$11.2 million, as compared with a loss of HK\$17.5 million for the six months ended 30 June 2023. The turnaround of the Adjusted EBITDA of such business segment from a loss for the six months ended 30 June 2023 to a profit for the six months ended 30 June 2024 was mainly attributable to the increase in revenue from the sale of LMG terminals in Macau for the six months ended 30 June 2024 when compared with that for the six months ended 30 June 2023 which was offset by the increase in research and development and other costs of such business segment.

Due to the aforementioned reasons, the Group recorded a profit of HK\$119.4 million for the six months ended 30 June 2024, as compared with a loss of HK\$3.0 million for the six months ended 30 June 2023.

Provision of Casino Management Services in Macau

The following table sets out the average numbers of gaming tables, LMG terminals and slot machines which were in operation in Casino Kam Pek Paradise under the Group's management for the six months ended 30 June 2024 and 30 June 2023:

	Six months ended 30 June	
	2024	2023
Traditional gaming tables	20	23
LMG gaming tables	10	9
LMG terminals	956	872
Slot machines	95	95

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

As at 30 June 2024, the Group managed a total of 30 (as at 31 December 2023: 30) gaming tables in Casino Kam Pek Paradise, all of which were in operation as at that date.

The following table sets out certain key operational data of gaming tables, LMG terminals and slot machines which were in operation in Casino Kam Pek Paradise under the Group's management for the six months ended 30 June 2024 and 30 June 2023:

		Six months ended 30 June	
		2024	2023
Traditional gaming tables			
GGR	<i>(HK\$ million)</i>	240.4	190.5
Gaming tables	<i>(Average no. of tables)</i>	20	23
GGR/table/day	<i>(HK\$ thousand)</i>	66.0	45.8
LMG gaming tables			
GGR	<i>(HK\$ million)</i>	385.6	226.5
Terminals/gaming tables	<i>(Average no. of terminals/tables)</i>	956/10	872/9
GGR/terminal/day	<i>(HK\$)</i>	2,216	1,435
GGR/table/day	<i>(HK\$ thousand)</i>	211.9	139.0
Total gaming tables			
GGR	<i>(HK\$ million)</i>	626.0	417.0
Gaming tables	<i>(Average no. of tables)</i>	30	32
GGR/table/day	<i>(HK\$ thousand)</i>	114.7	72.0
Slot machines			
GGR	<i>(HK\$ million)</i>	25.7	22.5
Slot machines	<i>(Average no. of units)</i>	95	95
GGR/unit/day	<i>(HK\$)</i>	1,486	1,309
Total GGR	<i>(HK\$ million)</i>	<u>651.7</u>	<u>439.5</u>

For the six months ended 30 June 2024, total GGR generated by Casino Kam Pek Paradise amounted to HK\$651.7 million, representing an increase of 48.3% over that of HK\$439.5 million for the six months ended 30 June 2023.

A breakdown of revenue attributable to the Group for the casino under the Group's management in Macau for the six months ended 30 June 2024 and 30 June 2023 is as follows:

	Six months ended 30 June	
	2024	2023
	<i>HK\$ million</i>	<i>HK\$ million</i>
Casino Kam Pek Paradise:		
Traditional gaming tables	132.2	104.8
LMG gaming tables	212.1	124.6
Slot machines	12.2	10.6
	<u>356.5</u>	<u>240.0</u>

Total revenue attributable to the Group generated by Casino Kam Pek Paradise for the six months ended 30 June 2024 was HK\$356.5 million, representing an increase of 48.5% over that of HK\$240.0 million for the six months ended 30 June 2023.

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

Sale/Leasing of Electronic Gaming Equipment and Systems in Macau

For the six months ended 30 June 2024, revenue from the sale/leasing of electronic gaming equipment and systems in Macau amounted to HK\$68.2 million, representing an increase of 1,743.2% over that of HK\$3.7 million for the six months ended 30 June 2023. Revenue for the six months ended 30 June 2024 in Macau comprised revenue of (i) HK\$47.1 million (six months ended 30 June 2023: nil) from the sale of 235 (six months ended 30 June 2023: nil) LMG terminals and related products; (ii) HK\$19.2 million (six months ended 30 June 2023: HK\$2.2 million) derived mainly from the provision of upgrading services to LMG terminals and other sales and services; and (iii) HK\$1.9 million (six months ended 30 June 2023: HK\$1.5 million) derived from leasing of electronic gaming equipment and systems.

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

For the six months ended 30 June 2024 and 30 June 2023, the Group did not generate any revenue from the sale/leasing of electronic gaming equipment and systems in overseas markets.

As the global economic growth is on the rising trend after the pandemic, the Group has planned to expand its business of supplying gaming equipment and systems to other Asian markets, particularly the Philippines market, as well as the North American markets. As for the Philippines market, up to the date of this announcement, the Group has entered into agreements (i) with certain operators of integrated resorts in the Philippines for trial of a total of 24 units of the Group's innovative slot

machines in their casino premises, (ii) a collaborator to deploy a total of 144 mini slot machines in the Philippines, and (iii) certain distributors for promoting and distributing the Group's gaming equipment and systems in the Philippines.

Royalty income from IGT

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

With reference to the royalty statements provided by IGT to the Group, the Group did not recognise any royalty income from IGT for the six months ended 30 June 2024, and the Group recognised royalty income of HK\$0.2 million for the six months ended 30 June 2023. Up to 30 June 2024, the Group has accumulatively recognised a total royalty income of HK\$14.7 million from IGT.

Innovative and Renewable Energy Solutions Business in Mainland China

In addition to the Group's core gaming business as mentioned above (namely, the provision of casino management services in Macau, and the development, sale and leasing of electronic gaming equipment and systems), the Group commenced a new business of engaging in the supply of smart charging stations, smart charging equipment and charging services for electric motorcycles, bicycles, and vehicles, etc. to customers in Mainland China during the six months ended 30 June 2023. During the six months ended 30 June 2024, this business contributed a revenue of HK\$0.6 million (six months ended 30 June 2023: HK\$2.8 million) to the Group's reported revenue.

PROSPECTS

We are pleased to report that the Group has continued to witness solid business recovery from the dissipation of the Covid-19 pandemic and has generated encouraging operational and financial results for the six months ended 30 June 2024. This positive development is attributed to the significant improvement in the tourism, hospitality, and gaming industries in Macau.

Since February 2023, Macau lifted all pandemic prevention measures and resumed full border openings, leading to a substantial surge in visitor numbers. In alignment with Macau's continuous drive to revitalise its tourism appeal, the city hosted a diverse array of world-class events and concerts during the six months ended 30 June 2024, which attracted a significant influx of visitors from both Mainland China and international locales. This resurgence of tourism activity has been instrumental in driving the recovery of Macau's hospitality and gaming sectors.

This influx of visitors had a profoundly positive impact on GGR of Macau, which increased by 42.1% to approximately MOP113.8 billion for the six months ended 30 June 2024, when compared with that of MOP80.1 billion for the corresponding period in 2023. Driven by such momentum, revenue from the provision of casino management services for Casino Kam Pek Paradise in Macau has continued to thrive in 2024, and the reported revenue of the Group from the provision of casino management

services for Casino Kam Pek Paradise in Macau for the six months ended 30 June 2024 was HK\$356.5 million, representing an increase of 48.5% over that of HK\$240.0 million for the six months ended 30 June 2023. The Group has quickly seized the opportunities presented in the post-pandemic rebound in Macau. The Group also stepped up its promotional efforts and focused on the placement of its gaming machines and products to enhance user experience.

The Group is the sole provider of LMG systems and terminals in Macau, riding on its strong industry reputation and leading position. Its self-developed, patented LMG systems have gained the trust of a vast number of customers in Macau and worldwide. The cost-effectiveness and operational benefits of the Group's LMG systems have made them a popular choice among casino operators. Amidst the policy adjustments of the gaming industry in Macau and also the changes in customer needs, the Group experienced significant demand for its LMG systems. This reflects the market's confidence in the Group's capacity to capitalise on the transformation and solid development of the gaming industry. During the period under review, the Group managed to forge partnerships with certain casino operators in Macau to introduce the Group's proprietary LMG solutions to them, further enhancing the efficiency of their casinos, and supporting them in meeting the new technical standards for gaming machines and integrating new features such as new baccarat side bets into their existing gaming platforms. Additionally, the Group has poised to launch a new series of ETG products in Macau and elsewhere that are expected to be warmly welcomed by the markets. Based on the positive responses from early customer engagements, the Group is confident that this new ETG offering will contribute positively to its upcoming financial results.

To capture the shifting dynamics of the Asian gaming industry, the Group is also actively expanding its business of supplying gaming equipment and systems to other Asian markets, particularly the Philippines as it holds the title of the largest electronic gaming machine market in Asia, offering great flexibility with numerous casinos and a variety of gaming types. This presents a significant opportunity for the Group to leverage its expertise and innovative product offerings to cater to the diverse gaming preferences of the Philippine market. To support this strategic expansion, the Group is in the process of setting up a new office and showroom in the Philippines. This physical presence will enable the Group to establish a stronger foothold, enhance its customer relationships, and provide direct support and after-sale services to its customers in the region.

Looking ahead, the Group recognises that the global economic development remains vulnerable and unpredictable towards factors such as geopolitical tensions, monetary policies and high interest rates. In view of these uncertainties and challenges, the Group is committed to an adaptive but prudent approach. Recognising the immense potential in the growing markets across Asia, such as the Philippines, Vietnam, and Cambodia, as well as the North American markets, the Group will take a proactive approach to explore these overseas gaming opportunities in addition to the Macau gaming market.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK5.0 cents for the six months ended 30 June 2024 (six months ended 30 June 2023: nil) per Share, amounting to HK\$52.6 million calculated on the basis of 1,052,185,315 Shares in issue as at the date of this announcement. The interim dividend is expected to be payable on Tuesday, 15 October 2024 to Shareholders whose names appear on the Company's register of members on Friday, 20 September 2024. The register of members of the Company will be closed from Tuesday, 17 September 2024 to Friday, 20 September 2024 (both days inclusive), and during which period no transfer of Shares will be registered. In order to qualify for the interim dividend, all Share transfer documents accompanied by the relevant share certificates must be lodged for registration with Tricor Secretaries Limited, the Company's Hong Kong Branch Share Registrar, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 16 September 2024.

LIQUIDITY AND FINANCIAL RESOURCES

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

The Group has adopted a prudent financial management approach towards its financial and treasury policies. During the six months ended 30 June 2024, the Group was on track with this approach to maintain a healthy liquidity position. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. The Group may utilise the balance of cash for appropriate investment opportunities in accordance with the Group's strategic direction and development.

As at 30 June 2024, the consolidated net assets of the Group amounted to HK\$333.3 million, representing an increase of HK\$114.8 million or 52.5% from HK\$218.5 million as at 31 December 2023. The increase in consolidated net assets of the Group was mainly due to the Group's profit of HK\$119.4 million for the six months ended 30 June 2024.

Pledged Bank Deposits, Bank Balances and Cash

As at 30 June 2024, the Group held a pledged bank deposit of HK\$48.1 million (31 December 2023: pledged bank deposits of HK\$47.3 million), and bank balances and cash of HK\$128.1 million (31 December 2023: HK\$59.6 million).

The Group's pledged bank deposit of HK\$48.1 million as at 30 June 2024 was a fixed deposit denominated in HK\$, the Group's functional currency, and placed at a Macau bank with an original maturity of 12 months. The Group's pledged bank deposits of HK\$47.3 million as at 31 December 2023 comprised fixed deposits of HK\$46.5 million (denominated in HK\$, the Group's functional currency, and placed at a Macau bank with an original maturity of 12 months) and HK\$0.8 million, (denominated in MOP and placed at a Macau bank with an original maturity of 12 months).

The Group's other bank deposits and cash of HK\$128.1 million (31 December 2023: HK\$59.6 million) as at 30 June 2024 were mainly denominated in HK\$, MOP and US\$. Given that MOP is pegged to HK\$ and HK\$ is linked to US\$, the Group considers the exposure to exchange rate risk normal for its bank deposits denominated in MOP and US\$.

Loans from a Shareholder

As at 30 June 2024 and 31 December 2023, the Group had the following outstanding loan facilities offered by Dr. Chun:

- (i) pursuant to a deed of loan dated 14 March 2022 and subsequent deeds of amendment entered into between Dr. Chun and the Group, Dr. Chun agreed to provide a loan facility amounting to HK\$120.0 million to the Group. The loan was conducted on normal commercial terms and was unsecured, carried interest at 10.0% per annum and had a maturity date on 31 March 2024. Any amounts repaid by the Group under the loan facility could be re-drawn or re-borrowed during the term of the deed of loan. During the year ended 31 December 2023, the loan was early settled in full. As at 30 June 2024 and 31 December 2023, there was no outstanding loan principal under this deed of loan; and
- (ii) pursuant to two other deeds of loan dated 18 January 2023 entered into between Dr. Chun and the Group, Dr. Chun agreed to provide term loan facilities totalling HK\$70.0 million for a 3-year period to the Group. The loans are conducted on normal commercial terms and are unsecured, carry interest at 12.5% per annum and are repayable in monthly instalments. The loans have been fully drawn down by the Group on inception and partially repaid during the year ended 31 December 2023. As at 30 June 2024, the total outstanding loan principal under these deeds of loan was HK\$36.3 million (31 December 2023: HK\$46.3 million).

Borrowings and Gearing Ratio

As at 30 June 2024, the Group had total outstanding indebtedness of HK\$169.5 million (31 December 2023: HK\$180.8 million) comprising:

- (i) secured and unguaranteed bank borrowings of HK\$120.8 million (31 December 2023: HK\$125.8 million) (*note i*);
- (ii) unsecured and unguaranteed loans from a Shareholder of HK\$36.3 million (31 December 2023: HK\$46.3 million) (*note ii*);

(iii) unsecured and unguaranteed other borrowings of HK\$10.6 million (31 December 2023: HK\$6.9 million) (*note iii*); and

(iv) unsecured and unguaranteed amounts due to Directors of HK\$1.8 million (31 December 2023: HK\$1.8 million) (*note iv*).

Notes:

(i) The bank borrowings carried interest at prevailing market rates and were on floating rate basis.

(ii) The loans from a Shareholder carried interest at a fixed rate of 12.5% per annum.

(iii) The other borrowings were interest-free.

(iv) The amounts due to Directors were interest-free.

The maturity profile of the bank borrowings, other borrowings and the loans from a Shareholder totalling HK\$167.7 million as at 30 June 2024 spread over a period of more than five years, with HK\$42.8 million repayable on demand or within one year, HK\$24.9 million in the second year, HK\$41.5 million in the third to fifth year, and HK\$58.5 million over five years. The amounts due to Directors of HK\$1.8 million as at 30 June 2024 were repayable on demand. The Group's bank borrowings, other borrowings, loans from a Shareholder and amounts due to Directors were mainly denominated in MOP, HK\$ and RMB. Given that MOP is pegged to HK\$, the Group considers the exposure to exchange rate risk normal for its indebtedness denominated in MOP. The Group has net exchange exposure to RMB as it maintains certain other borrowings denominated in RMB during the six months ended 30 June 2024. The Group manages its foreign currency risk of RMB against HK\$ by closely monitoring the movement of the exchange rate and may consider specific hedge for significant foreign exchange exposure should additional needs arise.

The Group's gearing ratio (expressed as a percentage of consolidated total borrowings over consolidated net assets of the Group) as at 30 June 2024 was 50.9% (31 December 2023: 82.7%). The decrease in the Group's gearing ratio was mainly due to the decrease in consolidated total borrowings of the Group, which in turn was mainly due to the repayment of loans from a Shareholder of HK\$10.0 million, and the increase in consolidated net assets of the Group during the six months ended 30 June 2024.

During the six months ended 30 June 2024, the Group did not employ any financial instruments for hedging purposes.

CAPITAL COMMITMENTS

As at 30 June 2024, the Group had capital commitments in respect of acquisition of property, plant and equipment which is contracted for but not provided for in the condensed consolidated financial statements of HK\$9.0 million (31 December 2023: HK\$5.5 million). The capital commitments will be funded by internal resources of the Group.

FOREIGN EXCHANGE EXPOSURE

The majority of the Group's income and expenses, bank deposits and borrowings are denominated in HK\$ (the Group's functional currency), MOP, RMB and US\$. HK\$ 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 any specific hedge for the fluctuation of US\$ or MOP against HK\$ is necessary. The Group has net exchange exposure to RMB as it maintains certain bank deposits and other borrowings denominated in RMB during the six months ended 30 June 2024. The Group manages its foreign currency risk of RMB against HK\$ by closely monitoring the movement of the exchange rate and may consider specific hedge for significant foreign exchange exposure should additional needs arise.

CHARGES ON GROUP ASSETS

As at 30 June 2024, the Group had charges on its leasehold land and buildings with a total carrying amount of HK\$188.8 million and bank fixed deposits of HK\$48.1 million, details of which are as follows:

- (i) leasehold land and buildings with carrying amount of HK\$109.3 million to secure a bank borrowing offered by a bank to the Group;
- (ii) leasehold land and buildings with carrying amount of HK\$79.5 million to secure bank borrowings offered by a bank to the Group; and
- (iii) bank fixed deposits totalling HK\$48.1 million to secure for a guarantee issued by a bank in favour of SJM Resorts in the amount of HK\$45.7 million for the period from 1 April 2020 to 31 December 2026 for the Group's fulfilment of all its obligations, including the reimbursement by the Group to SJM Resorts of the employees' compensation and benefits for those gaming operation employees employed by SJM Resorts who work for the casino under the Group's management in Macau, as stipulated under the service agreements (and all related supplemental agreements) entered into between SJM Resorts and the Group for the provision of casino management services by the Group to SJM Resorts.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any significant contingent liabilities.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

There were no material acquisitions or disposals (including material acquisitions and disposals of subsidiaries, associates and joint ventures), or significant investments of the Group during the six months ended 30 June 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2024 and the date of this announcement, save as disclosed under the sub-section headed “Capital Commitments” above, the Group had no other plans for material investments or capital assets.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group had approximately 710 employees, including approximately 390 gaming operation employees who were employed by SJM Resorts to work for Casino Kam Pek Paradise under the Group’s management. Remunerations of these gaming operation employees were paid by SJM Resorts and the Group reimbursed SJM Resorts in full for their salaries and other benefits.

Total staff costs, including Directors’ emoluments, for the six months ended 30 June 2024 amounted to HK\$115.3 million (six months ended 30 June 2023: HK\$109.7 million), including HK\$60.4 million (six months ended 30 June 2023: HK\$54.0 million) for gaming operation employees employed by SJM Resorts for Casino Kam Pek Paradise.

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

ISSUE FOR CASH OF EQUITY SECURITIES

During the six months ended 30 June 2024, the Company did not issue for cash any equity securities (including shares, debentures, and securities convertible into equity securities).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES

Neither the Company nor any of its subsidiaries had purchased, sold, redeemed or cancelled any of the Company’s listed securities during the six months ended 30 June 2024.

UPDATE ON DIRECTORS' INFORMATION

Biographical details of each of the Directors are set out in the Annual Report 2023.

The Company is not aware of any changes in the Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the date of the Annual Report 2023.

CORPORATE GOVERNANCE

Compliance with the CG Code

In the opinion of the Board, the Company has complied with the code provisions of the CG Code throughout the six months ended 30 June 2024, except for the following deviation:

Code Provision C.2.1

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

During the six months ended 30 June 2024, Dr. Chun and Mr. Zhang Jianjun are Co-chairmen of the Board and are responsible for the management of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner. Dr. Chun also serves as the Managing Director of the Company at the same time.

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

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 2024.

REVIEW OF INTERIM REPORT 2024 AND UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The Interim Report 2024 of the Company including the unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2024 has been reviewed by the audit committee of the Board. The unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2024 have also been reviewed by Deloitte Touche Tohmatsu, the Company's independent auditor, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this announcement, there is no important event after 30 June 2024 up to the date of this announcement which is required to be disclosed.

DEFINITIONS

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

“Adjusted EBITDA”	the Group's profit or loss for the period before interest income, finance costs, taxation, depreciation of property, plant and equipment, depreciation of right-of-use assets, gain or loss on early termination of lease contracts, amortisation of intangible assets, gain on deregistration of a subsidiary, and costs incurred or associated with corporate exercises or potential projects, where applicable
“Annual Report 2023”	the annual report of the Company for the year ended 31 December 2023 dated 26 March 2024
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
“Company”	Paradise Entertainment Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company

“Dr. Chun”	Dr. Jay Chun, the controlling Shareholder, a Co-chairman of the Board, an executive Director and the Managing Director of the Company
“ETG”	electronic table game
“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
“HKAS(s)”	Hong Kong Accounting Standard(s)
“HKFRS(s)”	Hong Kong Financial Reporting Standard(s)
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“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”
“Interim Report 2024”	the interim report of the Company for the six months ended 30 June 2024 which is expected to be despatched to the Shareholders by the end of September 2024
“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 Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“MOP”	Macau Pataca, the lawful currency of Macau
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Shares
“SJM Resorts”	SJM Resorts, Limited, one of the concessionaires for operation of casinos in Macau
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“U.S.”	the United States of America
“US\$”	the United States dollars, the lawful currency of the U.S.
“%”	per cent

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

Hong Kong, 28 August 2024

As at the date of this announcement, the executive directors of the Company are Dr. Jay Chun (Co-chairman and Managing Director, also alternate director to Mr. Shan Shiyong, alias, Sin Sai Yung), Mr. Zhang Jianjun (Co-chairman) and Mr. Shan Shiyong, alias, Sin Sai Yung, and the independent non-executive directors of the Company are Mr. Li John Zongyang, Ms. Tang Kiu Sam Alice and Dr. Liu Ka Ying Rebecca.