



PARADISE ENTERTAINMENT LIMITED

REPORTS 2018 FULL YEAR RESULTS

GROUP REVENUE INCREASED 15% YEAR-ON-YEAR TO HK\$1,164.2 MILLION
GROUP ADJUSTED EBITDA OF HK\$120.7 MILLION, UP 429% YEAR-ON-YEAR
ANNOUNCE FINAL DIVIDEND OF HK2.5 CENTS PER SHARE

Hong Kong, 26 March 2019 – Paradise Entertainment Limited (“Paradise”, “Company” or the “Group”) (HKEx stock code: 1180) reported results for the twelve months ended 31 December 2018.

FULL YEAR HIGHLIGHTS

Paradise Entertainment: A Positive Year Turning from Loss to Profit

- Full year Group Adjusted EBITDA increased by 429% to HK\$120.7 million
- Full year Group Revenue up 15% year-on-year to HK\$1,164.2 million
- Full year Net Profit of HK\$53.2 million
- Announce final dividend of HK2.5 cents per share

Casino Kam Pek Paradise: Mass Market Gaming Patrons Drives Solid Footfall as Gaming Revenue Grows

- Gross gaming revenue in Casino Kam Pek Paradise increased by 15% year-on-year to HK\$1,431.3 million, further proving Casino Kam Pek Paradise’s appeal to the mass segment
- Live-Multi Game (“LMG”) machines contributed 40% of the overall GGR in Casino Kam Pek Paradise
- Average GGR LMG per table per day in the LMG tables in Casino Kam Pek Paradise reached HK\$157,000, demonstrating table yield optimisation with LMG machines

Casino Waldo: Steady Performance with Stable Traffic

- Gross gaming revenue in Casino Waldo decreased slightly by 2% year-on-year to HK\$504.0 million

Electronic Gaming Equipment and Systems Segment: Upgrades and New Openings Contributed to Growth

- Sales of electronic gaming equipment and systems up 289% year-on-year to HK\$88.7 million, driven by new casino openings and mandatory LMG machine upgrades
- Research & development spending in the electronic gaming equipment & systems segment accounted for 6% of the overall revenue of the Group

Development Update: Eyes on New Slot Machines, Continuing to Pursue International Development Opportunities

- Slot Machines – Research and development of slot machines are ready to be sold in strategic areas such as Macau, the North America and South East Asia
- LMG – Mandatory upgrade of LMG machines continues into 2019 in Macau
- Other Gaming Equipment and Systems – New products were developed and are now in final testing stage; Ready to be deployed soon
- International – Continuously exploring opportunities in international gaming technology development opportunities



Balance Sheet: Robust Balance Sheet, Liquid with a Low Gearing Ratio

- Cash and cash equivalents of HK\$293.6 million
- Low leverage position with a gearing ratio of 14.5%

Mr. Jay Chun, Chairman and Managing Director of Paradise Entertainment said:

“I am pleased to report a solid set of financial figures of the Group for the year ended 31 December 2018. The year 2018 was an exciting year and the Group performed admirably against the challenging environment in the pursuance of our goal to become a worldwide leading gaming technology company. During the year under review, the Group successfully developed new slot machines and electronic table game (“ETG”) products, and provided timely solutions and support to casinos in Macau for the compliance of the requirements under the new technical standards (“Technical Standards”) for dealer-operated electronic table games (“DETG”). Despite uncertainty in the global economic environment and intensified competition in the Macau gaming industry, we managed to turn last years’ bottom-line losses into a profit in 2018. Our two casinos under management continued to be the synergistic bond between our two principal business segments – the casino management services segment and the gaming equipment and systems segment. In 2018, gross gaming revenue (“GGR”) derived from the casinos under our casino management services segment increased by 9.8% year-on-year whereas the total revenue for our gaming equipment and systems segment increased by 156.7% year-on-year.

With improving infrastructure and newly opened world-class entertainment facilities in Macau, the city has undergone structural transformation into a mass-centric destination. Macau’s visitation grew by 9.8% year-on-year to a record high of 35.8 million in 2018. Same day visitors grew nearly 12.7% on a yearly basis, outpacing the growth of overnight visitors which increased by 7.2%. In addition, Macau’s total VIP GGR as a percentage of Macau’s total GGR decreased from 56.7% in 2017 to 54.8% in 2018. The paradigm shift of the Macau gaming industry from VIP to mass has been observed citywide, including the two mass-focused casinos under our management. In particular, Casino Kam Pek Paradise has gained increasing popularity among mass gaming patrons. The abundance of LMG machines in the casino offers a more affordable way of gaming for mass market visitors who might not have otherwise been able to experience in other casinos’ traditional tables. Casino Kam Pek Paradise has positioned itself as a unique gaming business model to support our belief that investment in gaming technology could help optimise table yields. We will continue to focus on optimising table productivity in the casinos under our management by applying cutting-edge gaming technology that has enabled our GGR per table per day in the mass segment



to rival the tables in other casinos in Macau.

The Group saw a solid replacement demand for LMG machines in 2018 primarily due to the promulgation of the Technical Standards by the Gaming Inspection and Coordination Bureau in Macau ("DICJ"). Sales of other complementary LMG products such as the X-Stadium Live were also boosted. Moreover, the Group has recently developed new ETG machines and slot machines. Some of these machines have already undergone the final testing stage and will soon debut in the market. The successful launch of a wider range of products fuelled the Group to become a diversified, internationally-recognised gaming equipment and systems provider.

I am also grateful to the Macau government for their leadership and vision to continually support local enterprises in the Policy Address 2019. As a home-grown Macanese brand, the Group is always committed to support the Macau government to further enhance the appeal of Macau to the local and global markets. This year, I am also delighted to witness the opening of the Hong Kong-Zhuhai-Macao Bridge, the world's longest bridge, such that visitors who have not previously considered Macau as a short-term destination are now pouring into Macau. This bridge integrates the Greater Bay Area including Macau and Hong Kong into one single connected trip and has driven visitation to Macau to new heights. We will continue to support the Macau government's vision on developing Macau as the "World Centre of Tourism and Leisure" as part of the Greater Bay Area development plan. I have every confidence that Macau is and will continue to be the world's major gaming jurisdiction. With improving infrastructure, more mass gaming patrons are prepared to visit Macau for leisure, which would in turn benefit our mass-centric casinos as well as the deployment of our gaming equipment and systems.

Finally, on behalf of the Board, I would like to extend my sincere gratitude towards our shareholders, banks, customers and business partners for their continuous support of the Company. Furthermore, I would also like to thank our executives and staff for their dedication and professionalism so that the Company continues to thrive."

Prospects

The Group is cautiously optimistic in the Macau gaming industry. Macau's total GGR increased by 14.0% year-on-year in 2018. The stabilising Chinese economy, the rising middle class and improving infrastructures such as the newly opened Hong Kong-Zhuhai-Macao Bridge and the soon-to-be completed Light Rapid Transit in Macau will undoubtedly bring more visitors to the city. Having more inbound tourists to Macau means that there are more



mass gaming patrons, which should benefit the mass gaming segment that the two casinos under the Group's management focus on.

Replacement and upgrade demand for LMG machines has been on the rise since 2018, particularly following the introduction of the Technical Standards by the DICJ in late 2017 that has set out technical requirements for gaming products relating to DETG in Macau. This demand should continue into 2019 as the DETG that are not upgraded to meet the new requirements for the compliance of the Technical Standards by 31 December 2019 should no longer be used in Macau casinos. On the other hand, complementary LMG products such as the X-Stadium Live received new orders as customers praised its customisability and its captivating animation in the centre of the mass gaming floors. Casino operators' universal quest for more seats, fewer tables, lower minimum bets and higher yields translates into a future need for solutions that could help them achieve higher efficiency and to optimise their table yields.

Going forward, the Group will offer a pipeline of other LMG companion products for table optimisation to the market. Aside from LMG machines, several of our new slot games are now fully tested and are soon ready to debut in the market. The Group strengthened our sales and marketing teams targeting casino operators in Macau, South East Asia and the North America, etc. Our partnership arrangements with international partners also empower us to leverage on their global distribution networks for our products.

While we continue to improve the operating efficiency in the two casinos under our management, these two casinos also serve as an opportunity for the deployment of our innovative products in the gaming equipment and systems segment. The two segments act together as a synergistic bond between each other such that we know how customers feel about our machines directly. We are committed to continuously invest in the research and development on gaming technology in areas such as ETG products, slot machines, and other gaming equipment and systems. The pipeline of these new gaming equipment and systems is part of our long-term commitment for growth in the future.

Looking ahead, the Group remains cautiously optimistic while we continue to seek expansion opportunities. In view of the Group's cash position with a low gearing ratio, we are actively exploring opportunities in the gaming technology space. We will continue to identify new business opportunities in and outside of Macau with an aim to maximise returns to the Shareholders.



About Paradise Entertainment Limited

Paradise Entertainment Limited (HKEx: 1180) engages in the development, sale and leasing of electronic gaming equipment and systems, as well as the provision of casino management services in Macau. Paradise is the investor, patent owner and sole provider of Live-Multi Game terminals. Paradise dominates the Electronic Table Games market in Macau. Apart from operating two casinos, Casino Kam Pek Paradise and Casino Waldo, Paradise envisions to become a global leader in gaming equipment.

For more information about Paradise Entertainment Limited, please visit our company's website: <http://www.hk1180.com>.

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