



PARADISE ENTERTAINMENT LIMITED

REPORTS 2020 INTERIM RESULTS

Hong Kong, 26 August 2020 – Paradise Entertainment Limited (“Paradise” or the “Company”, together with its subsidiaries referred to as the “Group”) (HKEx stock code: 1180) announces today its unaudited consolidated interim results for the six months ended 30 June 2020.

2020 INTERIM RESULTS HIGHLIGHTS

2020 interim results were significantly affected by the outbreak of Covid-19 since early this year and the related measures/policies to contain the spread of the coronavirus; the Group has since 1 March 2020 ceased the provision of casino management services in Casino Waldo

Overall

- Group reported revenue decreased by 70.1% year-on-year to HK\$177.3 million
- Group Adjusted EBITDA for the period was a loss of HK\$53.5 million
- Loss for the period was HK\$111.3 million

Casino Kam Pek Paradise

- Total gross gaming revenue (“GGR”) decreased by 58.8% year-on-year to HK\$262.4 million
- GGR from Live-Multi Game (“LMG”) machines outperformed relative to traditional gaming tables during the pandemic period. GGR from LMG machines accounted for 55.4% of total GGR of the casino (same period last year: 38.8%)
- Contributed a loss of HK\$14.1 million to Adjusted EBITDA of the Group

Casino Waldo

- The Group provided casino management services for the casino for January to February 2020 in current interim period (the “Period”)
- GGR for the Period was HK\$43.4 million
- Contributed a loss of HK\$21.8 million to Adjusted EBITDA of the Group

Electronic Gaming Equipment and Systems

- Revenue decreased by 87.7% year-on-year to HK\$11.4 million
- Provided upgrading services to 136 LMG terminals at various casinos in Macau
- Contributed a loss of HK\$44.2 million to Adjusted EBITDA of the Group
- Research and development and other costs of HK\$37.9 million were incurred to Adjusted EBITDA of this segment, dedicated to develop new innovative products and build up game library to improve and maintain our competitive advantages

Other income

- Made use of the Group’s extensive network in the PRC and provided procurement services in the PRC to an overseas customer
- Contributed HK\$43.4 million to Adjusted EBITDA of the Group



Balance Sheet

- Cash and cash equivalents of HK\$224.3 million
- Net cash (cash and cash equivalents less bank and other borrowings) of HK\$80.6 million
- Gearing ratio of 29.4% (total borrowings over net assets)

Mr. Jay Chun, Chairman and Managing Director of Paradise commented, “2020 is undoubtedly an extraordinarily year. Since the outbreak of Covid-19 early this year, the pandemic has hit hard on the economies of Macau, Hong Kong and nearby regions as well as the global economy. This unprecedented pandemic has created worldwide global health crises which severely undermine the customers’ confidence and patterns on purchase on many vulnerable businesses including gaming.”

As part of the measures to contain the spread of the coronavirus disease in Macau, the Macau government announced the suspension of operations of all casinos in Macau for at least 15 days from 5 February 2020. Operations at Casino Kam Pek Paradise were suspended on 5 February 2020 and resumed on 20 February 2020 while operations at Casino Waldo were suspended on 5 February 2020 and resumed on 24 February 2020. Moreover, the Macau government has adopted a series of restriction and quarantine requirement policies to prohibit or reduce significantly non-local citizens from entering into Macau.

On the other hand, the contract for the Group’s provision of casino management services at Casino Waldo was expired on 29 February 2020. Having considered a number of factors thoroughly in particular the capital injection requirement on additional monitoring system and equipment to Casino Waldo for the compliance of the new regulatory requirements which would not be recovered before end of the existing gaming concession according to our analysis, the relative high operating costs of the casino, and also the adverse impact from the outbreak of coronavirus disease, the Group ultimately decided not to request for renewal or extension of the service contract. Accordingly, our provision of casino management services in Casino Waldo was terminated since 1 March 2020.

During the period under review, the Group has undertaken a detailed review to identify its strengths in facing this pandemic and explored other businesses in this connection for such attainments. During the extraordinary time, for instance, the Group has made use of its extensive network in the PRC to provide procurement services in the PRC for an overseas customer which has made positive contribution to the Group’s results for the period.

As for the operations at Casino Kam Pek Paradise, for the six months ended 30 June 2020, total GGR generated by the casino amounted to HK\$262.4 million, representing a decrease of 58.8% over that of the last corresponding period of HK\$636.5 million. Credits to be given to the outperformance of our flagship product, the LMG machines, during the pandemic period, as we observed that their distinctive features of being capable to fit well and harmony to the specific measures imposed by DICJ to maintain a safe distance between gaming tables, and between gaming machines. The beauty of the LMG machines can offer to provide a more private, comfortable, spacious gaming environment for individual gaming patrons than traditional gaming tables could provide. Total GGR of LMG machines at Casino Kam Pek Paradise as a percentage of total GGR of the casino was increased from 38.8% for the six months ended 30 June 2019 to 55.4% for the six months ended 30 June 2020. This has innovated the Group with encouragement when designing and developing gaming products, the objectives should not only offer gaming satisfaction to patrons solely, but also highlight the importance of facilitating and prompting public health awareness on casino management strategy as a whole, which all stakeholders in all businesses will doubtlessly place health issue on high hierarchy.



For the six months ended 30 June 2020, the Group provided upgrading services to 136 LMG terminals at various casinos in Macau. Albeit the tough business environment, the Group continued to invest in research and development and other costs on electronic gaming equipment and systems of HK\$37.9 million for the six months ended 30 June 2020 in order to prepare for increasing our competitive advantages and getting more market shares in the long run.

Mr. Jay Chun added, “No doubt, the pandemic has affected the businesses of the Group severely and caused a range of unforeseen challenges to the Group. The Group believes that an effective measure would be strategically prepared to act in an agile and flexible manner in order to navigate the economic and business impacts from this pandemic and position itself to be one of the forerunners to capture opportunities as soon as the economy starts to rebound, particularly in the fast-growing mass gaming market.”

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 inventor, patent owner and sole provider of Live-Multi Game terminals and dominates the Electronic Table Games market in Macau. The Group has also been developing slot machines. Apart from casino management business in Macau, Paradise envisions to become a global leader in gaming equipment. In addition to the aforesaid businesses, the Group also develops high-tech products in areas including 5G and Artificial Intelligence related products.

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

For Investor & Media Enquiries, please contact:

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