



PRESS RELEASE

Paradise Entertainment Limited Announces 2017 Annual Results

Total reported revenue recorded HK\$1,011.8 million
Adjusted EBITDA recorded HK\$22.8 million

Hong Kong, 26 March 2018 – Paradise Entertainment Limited (together with its subsidiaries as the “Group”, SEHK: 1180) today announces its audited consolidated annual results for the year ended 31 December 2017.

Financial Highlights for 2017 Annual Results:

- **Group revenue recorded HK\$1,011.8 million (-13.0% yoy)**
 - Revenue from casinos under the Group’s management recorded HK\$973.9 million (increased by 0.6% yoy)
 - Revenue from electronic gaming equipment and systems segment recorded HK\$37.9 million (decreased by 80.6% yoy)
- **Group Adjusted EBITDA recorded HK\$22.8 million (-76.6% yoy)**
 - Adjusted EBITDA from casinos under the Group’s management recorded HK\$132.1 million (increased by 80.7% yoy)
 - Adjusted EBITDA from electronic gaming equipment and systems segment recorded loss of HK\$76.9 million as compared to a profit of HK\$52.5 million in 2016
- **Operational information**
 - Total gross gaming revenue (“GGR”) increased by 1% to HK\$1,249.7 million at Casino Kam Pek Paradise and increased by 6% to HK\$513.1 million at Casino Waldo
 - Deployed a total of 78 live multi game (“LMG”) terminals in Macau as compared to 893 LMG terminals in 2016 when there were a number of new flagship casinos opened
 - Commenced to recognise royalty income from IGT which contributed HK\$2.9 million revenue to the Group in 2017
 - Continued to increase its investment in research and development on new/upgraded ETG machines, slot machines, casino management system etc. to HK\$47.7 million in 2017
 - Changed the provision of casino management services to revenue sharing from LMG terminals at Casino Macau Jockey Club since 1 January 2017
- **Healthy balance sheet**
 - Well-maintained cash position (total bank balances, cash and chips on hand of HK\$284.4 million, and net cash of HK\$281.4 million as at 31 December 2017)



Mr. Jay Chun, Chairman and Managing Director of the Group, said, “Macau gaming market has recovered from the third quarter of 2016 as evident by the positive growth in GGR since then. However, 2017 remained a challenging year as satellite casinos in Macau experienced sluggish recovery. Nevertheless, our management team has successfully executed the business strategies and the Group has achieved solid results on the back of such a challenging and competitive operating environment in Macau.”

Total reported revenue of the Group for 2017 was HK\$1,011.8 million, representing a decrease of 13.0% over that of HK\$1,163.3 million for 2016. The decrease was partly due to the change of the cooperation mode at Casino Macau Jockey Club. In view of the continuing operating loss from the Group’s provision of casino management services at Casino Macau Jockey Club in prior years, the Group has successfully changed the contractual arrangement with Casino Macau Jockey Club from provision of casino management services to revenue sharing from LMG terminals since 1 January 2017. Under the new arrangement, although the Group does not record the full operating revenue from the casino, it is entitled to share revenue from the LMG terminals at the casino and will not bear any operating expenses of the casino, and hence will not incur loss from the casino. At the same time, there was decrease in sale of electronic gaming equipment and systems in 2017 when compared with that in 2016 as more electronic gaming equipment and systems were sold in 2016 when there were a number of new flagship casinos opened in Macau.

Adjusted EBITDA of the Group for 2017 was HK\$22.8 million, representing a decrease of 76.6% over that of HK\$97.5 million for 2016. As for the casinos under the Group’s management, the Adjusted EBITDA for 2017 was HK\$132.1 million, representing an increase of 80.7% over that of HK\$73.1 million for 2016. In 2017, total GGR increased by 1% to HK\$1,249.7 million at Casino Kam Pek Paradise and increased by 6% to HK\$513.1 million at Casino Waldo. As for the electronic gaming equipment and systems segment, the Adjusted EBITDA for 2017 was a loss of HK\$76.9 million, as compared to a profit of HK\$52.5 million for 2016. The loss has included the research and development costs of HK\$46.9 million incurred by the Group in 2017 as the Group continues to increase its investment in research and development on new/upgraded electronic gaming equipment and systems.

In December 2017, DICJ published the Dealer-Operated Electronic Table Game (“DETG”) Technical Standards Version 1.0 (the “Technical Standards”) with the effective date of 1 January 2018. The Technical Standards have provided a grace period for all those existing DETG machines to be updated to meet the new technical requirements. After 31 December 2019, DETG machines which do not fully comply with the Technical Standards should not be used or operated in Macau casinos. Mr. Jay Chun said, “The Group, being the inventor, the patent-owner and the sole-supplier of DETG machines, is

technically competent and in a position to provide ready-made services to provide support to casinos currently equipped with DETG machines and assist them in meeting the requirement of the Technical Standards. The publication of the Technical Standards has brought business opportunities to the Group and has accelerated the replacement cycle of those deployed DETG machines of the Group in Macau.”

“Looking ahead, the Group remains cautiously optimistic and will continue to expand its existing businesses.” Mr. Jay Chun added, “The Group will also develop its product lines further, catering not only to the Macau gaming market but the overseas gaming markets as well. The Group will continue to look for potential opportunities in Macau and elsewhere to expand its business to increase its market share in the gaming industry and to maximise returns to the Shareholders.”

Paradise Entertainment Limited

Paradise Entertainment Limited (SEHK: 1180) was incorporated in Bermuda with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited. The Group is principally engaged in the provision of casino management services, and the development, sale and leasing of electronic gaming equipment and systems.

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

For Investor Relations inquiries

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