



PARADISE ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

REPORTS 2021 ANNUAL RESULTS

Hong Kong, 24 March 2022 – Paradise Entertainment Limited (“Paradise” or the “Company”, together with its subsidiaries referred to as the “Group”) (HKEx stock code: 1180) announces today its audited consolidated annual results for the year ended 31 December 2021.

2021 ANNUAL RESULTS HIGHLIGHTS

The Covid-19 pandemic continues to have an adverse impact on the Group’s businesses. Despite under the prevalence of the pandemic, the Group recorded an improved financial performance for the year ended 31 December 2021.

Overall

- Group’s reported revenue increased by 40.5% year-on-year to HK\$494.1 million
- Group’s Adjusted EBITDA for the year was a loss of HK\$18.4 million, as compared with a loss of HK\$101.1 million for the year ended 31 December 2020
- Group’s loss for the year was HK\$88.4 million, as compared with a loss of HK\$192.1 million for the year ended 31 December 2020

Casino Kam Pek Paradise

- Total gross gaming revenue (“GGR”) increased by 36.8% year-on-year to HK\$761.7 million
- GGR from live-multi game (“LMG”) machines outperformed traditional gaming tables
- Contributed HK\$42.3 million to Adjusted EBITDA of the Group

Electronic Gaming Equipment and Systems

- Revenue increased by 209.9% year-on-year to HK\$78.4 million
- Sold 116 LMG terminals and provided upgrading services to 1,607 LMG terminals in Macau
- Sold 99 slot machines overseas during the year. Accumulatively deployed a total of 342 units comprising the sale of 122 slot machines and the leasing of 220 slot machines overseas
- Research and development and other costs of HK\$52.6 million were incurred to Adjusted EBITDA of this segment, continue to invest to prepare for increasing competitive advantages and getting more market shares in the long run
- Incurred a loss of HK\$21.2 million to Adjusted EBITDA of the Group

Balance Sheet

- Cash and cash equivalents of HK\$94.8 million
- Gearing ratio of 41.2% (bank and other borrowings over net assets)



Mr. Jay Chun, Chairman and Managing Director of Paradise commented, “The Covid-19 pandemic has taken an unprecedented heavy toll on most of the world’s economies, particularly in tourist-related sectors such as the entertainment and gaming industries. The several waves of Covid-19 with evolution of different variants continued to place 2021 as a tough and challenging year.”

Total reported revenue of the Group for the year ended 31 December 2021 was HK\$494.1 million, representing an increase of 40.5% over that of HK\$351.7 million for the year ended 31 December 2020. The increase was mainly attributable to the increase in revenue from the provision of casino management services in Macau and the sale/leasing of electronic gaming equipment and systems in both Macau and overseas markets.

Casino under the Group’s Management

Total GGR generated by Casino Kam Pek Paradise in 2021 amounted to HK\$761.7 million, representing an increase of 36.8% over that of HK\$556.6 million for the year ended 31 December 2020. Adjusted EBITDA from the casino under the Group’s management segment for the year ended 31 December 2021 was HK\$42.3 million, as compared with a loss of HK\$60.5 million for the year ended 31 December 2020. The turnaround from loss to profit was mainly attributable to the increase in GGR generated by Casino Kam Pek Paradise for the year ended 31 December 2021 when compared with those generated for the year ended 31 December 2020. In addition, the Group ceased to provide casino management services in Casino Waldo since 1 March 2020, which was loss-making in 2020.

Electronic Gaming Equipment and Systems

For 2021, revenue from electronic gaming equipment and systems segment amounted to HK\$78.4 million, representing an increase of 209.9% over that of 2020. Revenue for 2021 comprised mainly revenue derived from the sale of 116 LMG terminals and the provision of upgrading services to 1,607 LMG terminals in Macau, and the sale of 99 slot machines in overseas markets. Adjusted EBITDA from the electronic gaming equipment and systems segment for the year ended 31 December 2021 was a loss of HK\$21.2 million, as compared with a loss of HK\$71.6 million for the year ended 31 December 2020. The reduction in loss was mainly due to the increase in sale/leasing of electronic gaming equipment and systems for the year ended 31 December 2021 as demand in Macau and overseas markets increased when compared with the corresponding period of last year.

In order to enhance its product specifications, competitive advantages, attract more demand and increase market penetration and shares in the long run, the Group continued to invest a total of HK\$52.6 million in research and development and other costs on electronic gaming equipment and systems for the year ended 31 December 2021, albeit under the tough business environment.

Prospects

Mr. Jay Chun added, “We are particularly pleased to see the encouraging result from the debut of our self-developed slot machines in the North American markets. These slot machines were characterised by popular games which are straight-forward, simple and perfectly suited for high denomination areas with non-progressive, standalone progressive and linked progressive options.

We are cautiously optimistic about the performance of our LMG machines and expect that they would continue to perform well progressively. During the pandemic, uniquely our LMG machines facilitate the implementation of health or safety issues in casinos such as providing social distancing. The recent winding down of junket operators and their related businesses in Macau have rolled down and channeled the VIP business segment to mass segment significantly on where the Group’s strategic position has long been focusing. In addition, it should not be disputable that the casino operators are encountering grave difficulties on combating with the sharp increase in operating costs. High operating costs in Macau require the casinos to impose high minimum bets, which to some points are out of the reach of the mass market players. The LMG system captures the distinctive ability to improve game efficiency and



optimise operations. We therefore expect to see further room for the growth on the LMG machines due to the cost efficiencies in that they reduce labour costs for operators, while still providing the thrill of the live table for the players.

As regards to the recent announcement of the gaming law amendment bill titled “Amendment to Law No. 16/2001 – Legal Framework for the Operations of Casino Games of Fortune” (the “Draft Bill”) by the Macau government, it has stipulated certain new regulations which, if adopted and enacted, will significantly affect the operation of satellite casinos. The Group, being the service provider of Casino Kam Pek Paradise, shall be affected by the enactment of the Draft Bill. The Group is still waiting for further details of relevant provisions of the Draft Bill to be announced and confirmed and will assess its impact on the Group’s operations. That said, it has no doubt that satellite casinos (including Casino Kam Pek Paradise) in Macau have made significant contribution to Macau’s economic development and job creation in the past decades. The Group has a good reputation as a casino management service provider focusing on mass market patrons for satellite casinos, and has a strong foothold on this aspect in the gaming industry, which has been demonstrated by the outperformance of Casino Kam Pek Paradise than many other satellite casinos. The Group has a strong will of continuing to provide efficient casino management services and will stay attentive to the development and identification of cooperation opportunities in order to contribute to the Macau gaming industry within the ambit of the new laws.

We expect to continue facing strong and unsteady headwinds, especially with the fluctuations of the number of infected cases due to the Covid-19 pandemic with further uncertainties as to whether other unknown new virus variants may arise thereafter. We will continue to assess the impact of the pandemic on our operation and financial performance and closely monitor our exposure to the risks and uncertainties in connection with the pandemic and will take appropriate measures as necessary to minimise the risks.”

Paradise Entertainment Limited

Paradise Entertainment Limited (HKEx stock code: 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, the Group also develops high-tech products including artificial intelligence related products in areas of education, sports and living, etc.

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

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