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 **澳門勵駿創建有限公司**  
**Macau Legend Development Ltd**  
**Macau Legend Development Limited**  
**澳門勵駿創建有限公司\***  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1680)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**RESULTS**

The Board announces the consolidated annual results of the Group for the year ended 31 December 2022 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
*Year ended 31 December 2022*

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>REVENUE</b>	<b>3</b>	<b>711,605</b>	1,135,586
Cost of sales and services		<u><b>(1,046,963)</b></u>	<u>(1,506,840)</u>
		<b>(335,358)</b>	(371,254)
Other income, gains and losses, net	<b>5</b>	<b>19,850</b>	21,005
Share of results of an associate		<b>(7,084)</b>	(28,460)
Impairment losses on financial asset, net		<b>(1,592)</b>	(16,437)
Impairment losses on non-financial assets	<b>6</b>	<b>–</b>	(241,000)
Marketing and promotional expenses		<b>(80,139)</b>	(108,923)
Operating, administrative and other expenses		<b>(241,148)</b>	(307,103)
Finance costs	<b>7</b>	<u><b>(109,973)</b></u>	<u>(65,402)</u>

\* for identification purposes only

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>LOSS BEFORE TAX</b>	8	(755,444)	(1,117,574)
Income tax credit/(expenses)	9	<u>148,235</u>	<u>(72,870)</u>
<b>LOSS FOR THE YEAR</b>		<u>(607,209)</u>	<u>(1,190,444)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS):</b>			
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations			
– subsidiaries		481	(10,465)
– an associate		<u>–</u>	<u>(5,336)</u>
Other comprehensive income/(loss) for the year		<u>481</u>	<u>(15,801)</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<u><b>(606,728)</b></u>	<u><b>(1,206,245)</b></u>
<b>LOSS PER SHARE</b>			
<i>Basic (HK cents)</i>			
– For loss for the year	11	<u><b>(9.79)</b></u>	<u><b>(19.20)</b></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Investment properties		<b>464,765</b>	295,084
Property and equipment		<b>4,880,365</b>	5,383,120
Right-of-use assets		<b>1,200,393</b>	1,254,344
Other intangible assets		<b>44,027</b>	55,037
Investment in an associate		–	7,084
Loan to an associate		<b>116,467</b>	116,467
Deposits paid		<b>219,648</b>	226,909
Financial assets at fair value through profit or loss		–	208,338
		<hr/>	<hr/>
Total non-current assets		<b>6,925,665</b>	7,546,383
<b>CURRENT ASSETS</b>			
Inventories		<b>21,304</b>	24,289
Trade and other receivables, deposits and prepayments	<i>12</i>	<b>114,398</b>	265,167
Pledged bank deposits		<b>1,672</b>	1,671
Cash and bank balances		<b>87,341</b>	132,596
		<hr/>	<hr/>
Total current assets		<b>224,715</b>	423,723
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<i>13</i>	<b>218,862</b>	355,285
Tax payable		<b>433,864</b>	641,103
Bank and other borrowings – due within one year		<b>542,319</b>	206,733
Lease liabilities		<b>7,326</b>	8,291
		<hr/>	<hr/>
Total current liabilities		<b>1,202,371</b>	1,211,412
<b>NET CURRENT LIABILITIES</b>			
		<b>(977,656)</b>	(787,689)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>5,948,009</b>	6,758,694

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***At 31 December 2022*

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Bank and other borrowings – due after one year	<b>2,015,632</b>	2,201,956
Lease liabilities	<b>91,625</b>	102,752
Deferred tax liabilities	<b>132,540</b>	139,046
	<hr/>	<hr/>
Total non-current liabilities	<b>2,239,797</b>	2,443,754
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>3,708,212</b>	4,314,940
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
Share capital	<b>620,119</b>	620,119
Reserves	<b>3,088,093</b>	3,694,821
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<b>3,708,212</b>	4,314,940
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRSs (which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

These consolidated financial statements are presented in HK\$, which is also the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated. It has been prepared on the historical cost convention except for financial assets at fair value through profit or loss which have been measured at fair value.

The Group had net current liabilities of approximately HK\$977.7 million as at 31 December 2022 and incurred a net loss of HK\$606.7 million during the year ended 31 December 2022. The Group's total bank and other borrowings amounted to HK\$2,558.0 million, of which HK\$542.3 million will be due for repayment within the next 12 months from the reporting date, while its cash and cash equivalents amounted to HK\$87.3 million as at 31 December 2022.

Pursuant to the relevant loan agreements, the Group is required to comply with the loan covenants. Should the Group fail to comply with the loan covenant clauses, the Group's creditor banks (the "Banks") may exercise their rights to serve notice to demand for immediate repayment of all outstanding bank borrowing including interest. As at the last financial year ended 31 December 2021, although the Group was not in compliance with the covenant clause on the Group's minimum net assets undertaking of HK\$5,500.0 million, it had received a waiver from the Banks on 27 August 2021; this waiver was valid up to 30 June 2022. On 25 March 2022, the Group received a further waiver from the lead bank of the Banks and the Group's minimum net assets undertaking requirement was lowered to HK\$4,000.0 million; this waiver was valid up to 31 December 2022. On 28 December 2022, the Banks agreed to further amend the minimum net assets undertaking of the Group to HK\$2,800.0 million by another waiver, up to 31 December 2023. As at the date of approval of these financial statements, the Group expects, based on the forecasts prepared by the management, the Group's net assets will be below HK\$5,500.0 million upon the expiry of the current loan covenant amendment after 31 December 2023. The management will apply for and expects the Banks will continue to extend the loan covenant waiver or amend the loan covenants in the Group's favour.

As a result of the loan covenant waiver received from the Banks on 28 December 2022, bank borrowings in the amount of HK\$2,015.6 million have been classified as non-current liabilities as at 31 December 2022, based on the original repayment schedules as stipulated in the loan agreement.

Notwithstanding the management's expectation and forecast as outlined above, there remain circumstances that may cast significant doubt on the Group's ability to continue as a going concern.

The Directors consider that the Group will have adequate funds available to enable it to continue its operations as a going concern and have sufficient working capital to satisfy its present requirements for at least 12 months from the end of the reporting period, based on the Group's profit forecast and cash flow projection which, inter alia, take into account the following with a view to improving the Group's liquidity:

- (a) The controlling shareholder has confirmed in writing not to request for repayment of a shareholder's loan in the amount of HK\$50.0 million until 31 March 2024, from the original extended repayment date of 30 June 2023;
- (b) during the year, the Group entered into loan agreements with certain substantial shareholders of the Company. The Group has fully drawn down HK\$350.0 million as at 31 December 2022 pursuant to these loan agreements, which were repayable in 2023. On 10 March 2023 and 24 March 2023, the substantial shareholders have agreed in writing not to request for repayment of these amounts until 31 March 2024;

- (c) subsequent to the end of the reporting period, on 31 January 2023 and 28 February 2023, a substantial shareholder of the Company has provided additional shareholder's loans of HK\$35.0 million and HK\$45.0 million to the Group, which were repayable on 1 May 2023 and 1 June 2023, respectively. On 10 March 2023, the substantial shareholder has agreed in writing not to request for repayment of these amounts until 31 March 2024, and to continue providing any additional financial support needed for the Group to continue its operations as a going concern in the foreseeable future;
- (d) the Directors are in discussion with the Banks to restructure a loan amount of HK\$2,069.3 million outstanding as at the end of the reporting period. This may include, inter alia, a change to the instalment loan repayment schedule by reducing the amounts repayable in 2023 and 2024, and amendment of the loan covenants. Subsequent to the end of the reporting period, the Group has repaid an instalment loan amount of HK\$27.5 million in March 2023 in accordance with the loan repayment schedule;
- (e) the Group has undertaken and will continue to undertake various mitigating measures to manage the current business environment, including a cost control program to minimise the cash outflow of non-essential items; and
- (f) as a result of the uplifting of all travel and border restrictions between Macau and mainland China/Hong Kong in January 2023, the Directors expect the number of tourists traveling into Macau will significantly increase, which will improve the Group's business and financial performance.

The Directors believe that, taking into account of the above factors, the Group will have sufficient working capital to satisfy its present requirements for at least the next 12 months from the end of the reporting period. Accordingly, the Directors believe it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2022 on a going concern basis.

However, should the Banks not agree to further extend the waiver or amend the relevant loan covenants upon the expiry date, the Group may be unable to continue as a going concern, in which case adjustments may have to be made to the carrying values of the Group's assets to state them at their realisable values, to provide for any further liabilities which might arise and to reclassify its non-current assets and non-current liabilities to current assets and current liabilities, respectively. The effect of these adjustments have not been reflected in the consolidated financial statements.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples Accompanying HKFRS16, and HKAS41

Except as described below, the adoption of the amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and position for the current and prior periods and/or on the disclosures set out in these consolidated financial statements. The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “**Conceptual Framework**”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendment to HKFRS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- *HKFRS 9 Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

### 3. REVENUE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from gaming related operations:		
Recognised over time:		
(i) from provision of gaming related facilities and gaming related general management services under the Service Agreement and indirect participation in the gaming promotion business under the VIE Structure in respect of:		
– Mass market tables	367,352	780,365
– VIP tables*	82,419	119,583
– Slot machines	1,102	2,847
	<u>450,873</u>	<u>902,795</u>
Recognised at a point in time:		
(ii) from operation of a casino in respect of:		
– Mass market tables	20,415	8,799
– VIP tables	20,506	–
– Slot machines	27,325	5,746
	<u>68,246</u>	<u>14,545</u>
Total gaming revenue	<u><u>519,119</u></u>	<u><u>917,340</u></u>

\* The amounts include outsourced VIP tables and indirect participation in the gaming promotion business in Macau through New Legend under the VIE Structure, which has been terminated effective from 1 January 2023.



	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from non-gaming related operations:		
Recognised over time:		
Income from hotel rooms	50,422	45,176
Income from building management services	16,266	18,663
Income from provision of services under an addendum <sup>(1)</sup>	15,987	–
	<u>82,675</u>	<u>63,839</u>
Recognised at a point in time:		
Food and beverage	67,877	96,361
Sales of merchandise	1,047	1,295
Others	8,730	9,936
	<u>77,654</u>	<u>107,592</u>
For operating leases:		
Licensing income from investment properties	32,157	46,815
	<u>32,157</u>	<u>46,815</u>
Total non-gaming revenue	<u>192,486</u>	<u>218,246</u>
	<u><b>711,605</b></u>	<u><b>1,135,586</b></u>
Revenue from contracts with customers, timing of revenue recognition:		
– over time	533,548	966,634
– at a point in time	145,900	122,137
	<u>679,448</u>	<u>1,088,771</u>
Revenue from operating leases:		
– fixed lease payments	30,205	44,489
– variable lease payments	1,952	2,326
	<u>32,157</u>	<u>46,815</u>
	<u><b>711,605</b></u>	<u><b>1,135,586</b></u>

*Note:*

- (1) As the original Service Agreement between the Group and SJM expired on 26 June 2022, on 16 June 2022, the Group signed an addendum with SJM for the provision of facilities, hotel rooms, food and beverage and other peripheral services and licensing for occupation of use of spaces with respect to the Casino Legend Palace and the Casino Babylon and the service period was extended to 31 December 2022.

#### 4. SEGMENT INFORMATION

The executive Directors of the Company have been identified as the chief operating decision maker (the “CODM”). The executive Directors review the Group’s internal reports in order to assess performance and allocate resources.

For the provision of gaming related facilities and gaming related general management services, and the indirect participation in the gaming promotion business, the executive Directors regularly analyse gaming related revenue in terms of service income from mass market tables, VIP tables and slot machines. For the operation of casinos, the executive Directors regularly analyse gaming related revenue in terms of net difference between gaming wins and losses from mass market tables, VIP tables and slot machines. The executive Directors review separately the entire revenues and operating results attributable to gaming related services and non-gaming operations. As such, the executive Directors have identified the operating and reportable segments under HKFRS 8 “Operating Segments” as gaming and non-gaming operations.

The segment information is consistent with the internal information that is regularly reviewed by the executive Directors for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has determined to organise the Group with reference to the differences in products and services. The principal activities of the operating and reportable segments are as follows:

**Gaming** – 1) Gaming related services for mass market tables, VIP tables and slot machines under the Service Agreement entered into between Hong Hock, a wholly-owned subsidiary of the Company and the gaming operator, SJM whereby the revenue was derived based on net gaming wins. Revenue from the indirect participation in the gaming promotion business represents the sharing of gross gaming revenue generated by VIP gaming tables operated by a subsidiary, New Legend, through the structure established by the entering into of the VIE Agreements among the VIE Parties, further details of which are set out in the Company’s circular dated 9 June 2014; and 2) Casino operation in Lao PDR.

**Non-gaming** – operations at MFW and Savan Legend Resorts include hotel and other operations such as licensing income from the shops, provision of building management service, food and beverage and others. For segment reporting under HKFRS 8, financial information of these operations with similar economic characteristics has been aggregated into a single operating segment named “non-gaming”.

**Segment revenue and results:**

The following is an analysis of the Group's revenue and results by operating and reportable segments:

***Year ended 31 December 2022***

	<b>Gaming HK\$'000</b>	<b>Non-gaming HK\$'000</b>	<b>Segment total HK\$'000</b>	<b>Elimination HK\$'000</b>	<b>Consolidated HK\$'000</b>
External revenue	519,119	192,486	711,605	–	711,605
Inter-segment revenue	–	49,929	49,929	(49,929)	–
Segment revenue	<u>519,119</u>	<u>242,415</u>	<u>761,534</u>	<u>(49,929)</u>	<u>711,605</u>
Segment loss	<u>(73,183)</u>	<u>(488,472)</u>	<u>(561,655)</u>	<u>–</u>	<u>(561,655)</u>
<i>Reconciliation:</i>					
Unallocated depreciation and amortisation					(63,622)
Unallocated other income and corporate expenses, net					(13,110)
Share of results of an associate					(7,084)
Finance costs					<u>(109,973)</u>
Loss before tax					<u>(755,444)</u>

***Year ended 31 December 2021***

	<b>Gaming HK\$'000</b>	<b>Non-gaming HK\$'000</b>	<b>Segment total HK\$'000</b>	<b>Elimination HK\$'000</b>	<b>Consolidated HK\$'000</b>
External revenue	917,340	218,246	1,135,586	–	1,135,586
Inter-segment revenue	–	72,928	72,928	(72,928)	–
Segment revenue	<u>917,340</u>	<u>291,174</u>	<u>1,208,514</u>	<u>(72,928)</u>	<u>1,135,586</u>
Segment loss	<u>(162,980)</u>	<u>(497,485)</u>	<u>(660,465)</u>	<u>–</u>	<u>(660,465)</u>
<i>Reconciliation:</i>					
Unallocated depreciation and amortisation					(83,127)
Unallocated other income and corporate expenses, net					(39,120)
Unallocated impairment losses on non-financial assets					(241,000)
Share of results of an associate					(28,460)
Finance costs					<u>(65,402)</u>
Loss before tax					<u>(1,117,574)</u>

Inter-segment revenue is charged at amounts agreed by both parties.

The accounting policies of the operating segments are the same as the Group’s accounting policies. Segment results represent the results of each segment without allocation of depreciation of certain investment properties and property and equipment arising from the fair value adjustments on acquisition of MFW Group and amortisation of other intangible assets, unallocated other income and corporate expenses, net, unallocated impairment losses on non-financial assets, the share of results of an associate and finance costs. Unallocated corporate expenses include Directors’ remuneration paid or payable by the Company and certain administrative expenses for corporate use. This is the measure reported to the executive Directors for the purposes of resource allocation and performance assessment.

No analysis of the Group’s assets and liabilities by operating and reportable segments is disclosed as it is not regularly provided to the executive Directors for review.

## 5. OTHER INCOME, GAINS AND LOSSES, NET

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
(a) Other income		
Interest income		
– bank deposits	114	534
– financial assets at FVTPL	10,608	16,000
Insurance claims received	152	97
Others	<u>27,642</u>	<u>15,055</u>
	<u>38,516</u>	<u>31,686</u>
(b) Other gains and losses, net		
Loss on change in fair value of financial assets at FVTPL	(10,967)	(3,667)
Exchange losses, net	(7,633)	(16,386)
(Loss)/gain on disposal of property and equipment	<u>(66)</u>	<u>9,372</u>
	<u>(18,666)</u>	<u>(10,681)</u>
	<u><u>19,850</u></u>	<u><u>21,005</u></u>

## 6. IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS

The investment project on Cape Verde represents the construction of a new hotel and casino complex (the “**Investment Project**”). During the year ended 31 December 2021, an impairment loss of HK\$241,000,000 was recorded on the Investment Project for the excess of the carrying value over the estimated recoverable amount of HK\$35,000,000, which was determined to be the fair value less costs of disposal of the cash-generating unit (the “**CGU**”) to which the assets have been allocated. The estimated fair value of the CGU in Cape Verde was determined using level 3 inputs based on the current cost of replacing the assets less deduction for physical deterioration and all relevant forms of obsolescence and optimisation. No impairment was recorded for the year ended 31 December 2022.

## 7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on bank borrowings	81,510	51,052
Interest on other borrowings	10,101	452
Interest on lease liabilities	5,779	6,318
Amortisation of finance costs on bank borrowings and other finance costs	<u>12,583</u>	<u>7,580</u>
Total finance costs	<u><u>109,973</u></u>	<u><u>65,402</u></u>

## 8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Staff costs		
Directors' remuneration	12,837	15,418
Other staff costs		
– salaries and other benefits	274,441	306,086
– contributions to retirement benefits schemes	3,225	5,468
Total staff costs	<u>290,503</u>	<u>326,972</u>
Reversal of allowance for inventories (included in cost of sales and services)	(3,139)	(1,436)
Amortisation of other intangible assets (included in cost of sales and services of HK\$998,000 (2021: HK\$1,084,000) and operating, administrative and other expenses of HK\$8,304,000 (2021: HK\$27,709,000))	9,302	28,793
Auditor's remuneration	4,000	4,650
Cost of inventories recognised as an expense (included in cost of sales and services)	64,435	77,902
Depreciation of investment properties	11,404	11,262
Depreciation of property and equipment	346,812	376,604
Depreciation of right-of-use assets (included in cost of sales and services of HK\$51,320,000 (2021: HK\$55,137,000) and operating, administrative and other expenses of HK\$1,224,000 (2021: HK\$1,461,000))	52,544	56,598
Gross licensing income from investment properties	(32,157)	(46,815)
Less: Direct operating expenses that generate licensing income from investment properties	11,404	11,263
Net licensing income from investment properties	<u><u>(20,753)</u></u>	<u><u>(35,552)</u></u>

## 9. INCOME TAX EXPENSES

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Macau complementary tax		
– current year	(376)	(1,056)
Lao PDR annual flat tax and income tax		
– current year	(72,585)	(78,320)
– over provision in prior year	<u>214,690</u>	<u>–</u>
	<b>142,105</b>	(78,320)
Deferred tax credit	<u>6,506</u>	<u>6,506</u>
Income tax credit/(charge)	<u><b>148,235</b></u>	<u>(72,870)</u>

## 10. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year (2021: Nil).

## 11. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the following:

### Loss

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Loss for the year for the purposes of basic loss per share	<u>(607,209)</u>	<u>(1,190,444)</u>

### Number of shares

	<b>2022</b> <b>'000</b>	2021 <i>'000</i>
Weighted average number of ordinary shares for the purpose of calculation of basic loss per share	<u>6,201,187</u>	<u>6,201,187</u>

Diluted loss per share amounts are not presented as the Company did not have any dilutive potential ordinary share for both years.

**12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Trade receivables	<b>138,418</b>	238,849
Less: Impairment losses	<b>(64,023)</b>	(62,557)
	<b><u>74,395</u></b>	<u>176,292</u>
Other receivables	<b>87,951</b>	88,114
Less: Impairment losses	<b>(67,133)</b>	(67,132)
	<b><u>20,818</u></b>	<u>20,982</u>
Chips on hand	–	38,285
Deposits and prepayments	<b><u>19,185</u></b>	<u>29,608</u>
Total trade and other receivables, deposits and prepayments	<b><u><u>114,398</u></u></b>	<u><u>265,167</u></u>

The following is an ageing analysis of trade receivables net of impairment allowance presented based on the invoice date at the end of the reporting period:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 3 months	<b>50,178</b>	153,857
Over 3 months but within 6 months	<b>17,090</b>	9,918
Over 6 months but within 1 year	<b>2,127</b>	9,217
Over 1 year	<b><u>5,000</u></b>	<u>3,300</u>
	<b><u><u>74,395</u></u></b>	<u><u>176,292</u></u>

### 13. TRADE AND OTHER PAYABLES

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Trade payables	<b>25,392</b>	97,752
Construction and retention payables	<b>17,379</b>	21,659
Other payables	<b>90,564</b>	81,384
Deposits received from tenants	<b>22,907</b>	21,668
Deposits received from gaming promoters	<b>1,103</b>	6,505
Accrued staff costs	<b>30,562</b>	90,766
Other sundry accruals	<b>30,955</b>	35,551
	<hr/>	<hr/>
Total trade and other payables	<b>218,862</b>	355,285
	<hr/> <hr/>	<hr/> <hr/>

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 3 months	<b>24,589</b>	93,449
Over 3 months but within 6 months	<b>803</b>	4,303
	<hr/>	<hr/>
	<b>25,392</b>	97,752
	<hr/> <hr/>	<hr/> <hr/>



## EXTRACTS OF INDEPENDENT AUDITOR’S REPORT

The following is an extract from the independent auditor’s report on the consolidated financial statements of the Group for the year ended 31 December 2022.

### Opinion

We have audited the consolidated financial statements of Macau Legend Development Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty related to going concern

We draw attention to note 2.1 in the consolidated financial statements, which indicates that the Group incurred a net loss of HK\$607 million during the year ended 31 December 2022 and, as of that date, the Group’s net current liabilities were approximately HK\$978 million. During the year, the Group has obtained a waiver from its creditor banks on the non-compliance of certain loan covenants. The waiver is valid up to 31 December 2023 and the management expects the Group will need to continue to apply for an extension of the waiver upon its expiry, or seek for amendment of the loan covenants and loan repayment terms in the Group’s favour. This condition, along with other matters as set forth in note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview of Results

For the year ended 31 December 2022, the Group achieved a total reported revenue of approximately HK\$711.6 million, representing a decrease of approximately HK\$424.0 million or approximately 37.3% below that of the last corresponding year of approximately HK\$1,135.6 million.

#### A. Gaming Services

The Group's revenue from gaming services consisted of (i) service income received from SJM for services and facilities provided relating to mass market tables, VIP tables and slot machines and (ii) casino operations in the Lao PDR.

No reported revenue generated except the VIP table commission from Legend Palace Casino since 27 June 2022 as the Service Agreement between the Group and SJM has expired.

##### *Legend Palace Casino*

	Mass Market Tables			VIP Tables <sup>(1)</sup>			Slot Machines		
	For the year ended 31 December			For the year ended 31 December			For the year ended 31 December		
	2022	2021	change	2022	2021	change	2022	2021	change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Games drop/Slot handle	<b>1,021,249</b>	2,481,775	(58.9)	N/A	N/A	N/A	<b>40,570</b>	104,062	(61.0)
Turnover	N/A	N/A	N/A	<b>4,178,336</b>	3,049,124	37.0	N/A	N/A	N/A
Net win	<b>164,388</b>	354,748	(53.7)	<b>158,756</b>	122,167	29.9	<b>2,755</b>	6,258	(56.0)
Hold rate	<b>16.10%</b>	14.29%	1.8	<b>3.80%</b>	4.01%	(0.2)	<b>6.79%</b>	6.01%	0.8
Average number of									
tables/slot machines	<b>58</b>	61	(4.9)	<b>14</b>	16	(12.5)	<b>36</b>	37	(2.7)
Net win per table/slot									
machine per day	<b>16</b>	16	–	<b>32</b>	22	45.5	<b>0.44</b>	0.47	(6.4)
Reported revenue	<b>93,594</b>	202,060	(53.7)	<b>74,359</b>	68,616	8.4	<b>1,102</b>	2,503	(56.0)
No. of gaming tables/slot									
machines in operation									
as at year end	–	59	(100.0)	–	16	(100.0)	–	35	(100.0)

## Babylon Casino

	Mass Market Tables			VIP Tables <sup>(1)</sup>			Slot Machines		
	For the year ended 31 December			For the year ended 31 December			For the year ended 31 December		
	2022	2021	change	2022	2021	change	2022	2021	change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Games drop/Slot handle	<b>507,528</b>	1,020,894	(50.3)	N/A	N/A	N/A	-	10,628	(100.0)
Turnover	N/A	N/A	N/A	<b>626,345</b>	2,087,227	(70.0)	N/A	N/A	N/A
Net win	<b>67,840</b>	123,015	(44.9)	<b>14,603</b>	91,245	(84.0)	-	857	(100.0)
Hold rate	<b>13.37%</b>	12.05%	1.3	<b>2.33%</b>	4.37%	(2.0)	N/A	8.06%	N/A
Average number of tables/slot machines	<b>25</b>	24	4.2	<b>9</b>	9	-	-	20	(100.0)
Net win per table/slot machine per day	<b>15</b>	14	7.1	<b>9</b>	27	(66.7)	N/A	0.18	N/A
Reported revenue	<b>38,355</b>	67,658	(43.3)	<b>7,970</b>	49,976	(84.1)	-	343	(100.0)
No. of gaming tables/slot machines in operation as at year end	-	25	(100.0)	-	9	(100.0)	-	-	-

## Landmark Casino

	Mass Market Tables			VIP Tables <sup>(1)</sup>		
	For the year ended 31 December			For the year ended 31 December		
	2022	2021	change	2022	2021	change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Games drop/Slot handle	<b>1,824,398</b>	3,824,633	(52.3)	N/A	N/A	N/A
Turnover	N/A	N/A	N/A	<b>775,000</b>	2,012,910	(61.5)
Net win	<b>428,006</b>	924,448	(53.7)	<b>4,541</b>	49,583	(90.8)
Hold rate	<b>23.46%</b>	24.28%	(0.8)	<b>0.59%</b>	2.46%	(1.9)
Average number of tables	<b>75</b>	70	7.1	<b>3</b>	7	(57.1)
Net win per table per day	<b>32</b>	36	(11.1)	<b>9</b>	19	(52.6)
Reported revenue	<b>235,403</b>	510,646	(53.9)	<b>90</b>	992	(90.9)
No. of gaming tables in operation as at year end	-	75	(100.0)	-	3	(100.0)

*Savan Legend Casino*<sup>(2)</sup>

	Mass Market Tables			VIP Tables			Slot Machines		
	For the year ended 31 December			For the year ended 31 December			For the year ended 31 December		
	2022	2021	change	2022	2021	change	2022	2021	change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Games drop/Slot handle	<b>98,508</b>	39,760	147.8	N/A	N/A	N/A	<b>691,517</b>	184,475	274.9
Turnover	N/A	N/A	N/A	<b>1,435,241</b>	–	100.0	N/A	N/A	N/A
Net win	<b>26,095</b>	8,361	212.1	<b>40,624</b>	–	100.0	<b>28,089</b>	6,259	348.8
Hold rate	<b>26.49%</b>	21.03%	5.5	<b>2.83%</b>	–	2.8	<b>4.06%</b>	3.39%	0.7
Average number of tables/slot machines	<b>10</b>	7	42.9	<b>17</b>	–	100.0	<b>178</b>	176	1.1
Net win per table/slot machine per day	<b>9</b>	6	50	<b>6</b>	–	100.0	<b>0.5</b>	0.4	25.0
Reported revenue	<b>20,415</b>	8,799	132.0	<b>20,506</b>	–	100.0	<b>27,325</b>	5,747	375.5
No. of gaming tables/slot machines in operation as at year end	<b>16</b>	7	128.6	<b>16</b>	–	100.0	<b>275</b>	171	60.8
							<b>2022</b>		<b>2021</b>
							<b>HK\$'000</b>		<b>HK\$'000</b>
Total reported revenue for gaming services									
Mass Market Tables							<b>387,767</b>		789,164
VIP Tables <sup>(1)</sup>							<b>102,925</b>		119,583
Slot Machines							<b>28,427</b>		8,593
							<b>519,119</b>		<b>917,340</b>

*Notes:*

- (1) The amounts include outsourced VIP tables and indirect participation in the gaming promotion business in Macau through New Legend under the VIE Structure, which has been terminated effective from 1 January 2023.
- (2) The amounts include the operating statistics of the Thakhek slot club which was opened for 9 months (2021: 6 months) in 2022. Casino in Savan Legend temporarily closed for 1.2 months (2021: 6.2 months) in 2022 in correspondence to COVID-19 pandemic, hence, performance of 10.8 months (2021: 5.8 months) is presented for the year ended 31 December 2022.

For the year ended 31 December 2022, gaming revenue of the Group decreased by approximately HK\$398.2 million or approximately 43.4% when compared to the last corresponding year. The decrease in gaming revenue was primarily due to the expiration of the Service Agreement between the Group and SJM on 26 June 2022.

As at 31 December 2022, the Group had no gaming tables in Macau (31 December 2021: 194). The Group had 16 mass market tables (31 December 2021: 7) and 16 VIP tables (31 December 2021: 0) which were put into operation in the Lao PDR.

## **B. Non-gaming Operations**

For the year ended 31 December 2022, the Group recorded a total non-gaming revenue of approximately HK\$192.5 million, decreased by approximately HK\$25.7 million or approximately 11.8% below that of the last corresponding year of approximately HK\$218.2 million.

The following table provides details on the composition of the Group's non-gaming revenue:

	2022			2021		
	The Group excluding Savan Legend HK\$'000	Savan Legend HK\$'000	Consolidated HK\$'000	The Group excluding Savan Legend HK\$'000	Savan Legend HK\$'000	Consolidated HK\$'000
Income from hotel rooms	49,677	745	50,422	44,884	292	45,176
Licensing income from investment properties	32,157	–	32,157	46,815	–	46,815
Income from provision of services under an addendum	15,987	–	15,987	–	–	–
Income from building management services	16,266	–	16,266	18,663	–	18,663
Food and beverage	67,043	834	67,877	96,250	111	96,361
Sales of merchandise	1,044	3	1,047	1,295	–	1,295
Others	8,699	31	8,730	9,930	6	9,936
Total revenue from non- gaming operations	<u>190,873</u>	<u>1,613</u>	<u>192,486</u>	<u>217,837</u>	<u>409</u>	<u>218,246</u>

The decrease in non-gaming revenue was primarily due to decrease in revenue from licensing income from investment properties and food and beverage as a result of rent concessions during COVID-19 pandemic and the decrease in number of visitors from the mainland China and Hong Kong and reduced consumption by local Macau people.

The following table sets out certain key operational data on our major hotel operations of the Group for the years ended 31 December 2022 and 31 December 2021:

	2022		2021	
	Legend Palace Hotel	Harbourview Hotel	Legend Palace Hotel	Harbourview Hotel
Occupancy rate (%)	60.2	69.6	67.5	65.2
ADR (HK\$)	580	291	769	300
REVPAR (HK\$)	350	202	519	196

### ***Adjusted EBITDA***

Adjusted EBITDA for the year ended 31 December 2022 recorded a loss of approximately HK\$218.8 million, representing an improvement of approximately HK\$81.5 million or approximately 27.1% over that of the last corresponding year with a loss of approximately HK\$300.3 million. The following table reconciles the Adjusted EBITDA to the loss attributable to owners of the Company:

	2022			2021		
	The Group excluding Savan Legend	Savan Legend	Consolidated	The Group excluding Savan Legend	Savan Legend	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss)/gain attributable to owners of the Company	(758,053)	150,844	(607,209)	(1,043,142)	(147,302)	(1,190,444)
Adjustments for:						
Finance costs	105,696	4,277	109,973	63,880	1,522	65,402
Depreciation of investment properties	11,404	-	11,404	11,262	-	11,262
Depreciation of property and equipment	333,032	13,780	346,812	359,590	17,014	376,604
Depreciation of right-of-use assets	47,034	5,510	52,544	50,623	5,975	56,598
Amortisation of other intangible assets	8,303	999	9,302	27,710	1,083	28,793
Loss/(gain) on disposal of property and equipment	126	(60)	66	(9,473)	101	(9,372)
Impairment losses on financial assets, net	1,546	46	1,592	7,467	8,970	16,437
Impairment losses on property and equipment	-	-	-	241,000	-	241,000
Unrealized exchange loss/(gain)	-	8,066	8,066	(50)	16,565	16,515

	2022			2021		
	The Group excluding Savan Legend	Savan Legend	Consolidated	The Group excluding Savan Legend	Savan Legend	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Share of results of an associate	7,084	-	7,084	28,460	-	28,460
Interest income	(10,678)	(44)	(10,722)	(16,030)	(504)	(16,534)
Reversal of write down of inventories to net realisable value	(3,139)	-	(3,139)	(1,436)	-	(1,436)
Loss on change in fair value of financial assets at FVTPL	10,967	-	10,967	3,667	-	3,667
Compensation income	(152)	-	(152)	(97)	-	(97)
Income tax (credit)/expenses	(6,129)	(142,106)	(148,235)	(5,450)	78,320	72,870
Other	(7,105)	-	(7,105)	-	-	-
Adjusted EBITDA	<u>(260,064)</u>	<u>41,312</u>	<u>(218,752)</u>	<u>(282,019)</u>	<u>(18,256)</u>	<u>(300,275)</u>

An analysis of the Adjusted EBITDA by segments (after elimination of inter-segment results) is as follows:

	2022			2021		
	The Group excluding Savan Legend	Savan Legend	Consolidated	The Group excluding Savan Legend	Savan Legend	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gaming services	(51,284)	56,293	5,009	(47,595)	7,444	(40,151)
Non-gaming operations	<u>(195,670)</u>	<u>(14,981)</u>	<u>(210,651)</u>	<u>(195,305)</u>	<u>(25,700)</u>	<u>(221,005)</u>
Sub-total	(246,954)	41,312	(205,642)	(242,900)	(18,256)	(261,156)
Unallocated corporate expenses <sup>(1)</sup>	<u>(13,110)</u>	-	<u>(13,110)</u>	<u>(39,119)</u>	-	<u>(39,119)</u>
Adjusted EBITDA	<u>(260,064)</u>	<u>41,312</u>	<u>(218,752)</u>	<u>(282,019)</u>	<u>(18,256)</u>	<u>(300,275)</u>

*Remarks:*

(1) The amounts represented the unallocated corporate expenses, offsetting with its inter-segment elimination.

Adjusted EBITDA from operations of the Group excluding Savan Legend and unallocated corporate expenses, mainly arising from the operations at MFW Group, for the year ended 31 December 2022 improved by approximately 7.8% to a loss of approximately HK\$260.1 million when compared to the last corresponding year. Adjusted EBITDA of Savan Legend increased by approximately HK\$59.6 million to a gain of approximately HK\$41.3 million for the year ended 31 December 2022 when compared to the last corresponding year.

The Group's loss for the year ended 31 December 2022 was approximately HK\$607.2 million, when compared to the loss of approximately HK\$1,190.4 million in the last corresponding year. Results of both years are significantly affected mainly due to the social distancing measures and travel restrictions imposed by government authorities in response to the COVID-19 pandemic which have severely declined the tally of visitor arrivals to Macau. The Group's loss improved in 2022 due to 1) no impairment losses recognised for the overseas projects located in Cape Verde; and 2) the Group has undertaken various mitigating measures to manage the current environment, including active measures to control its operating costs and expenses.

### ***Dividend***

The Board does not declare any final dividend for the year ended 31 December 2022 (2021: nil).

### **Outlook**

The Draft Bill 07/2022 for the amendment to the gaming law has been passed by Macau's Legislative Assembly on 21 June 2022 that it allows existing satellite casinos to continue to operate in premises not owned by Macau casino gaming concessionaries even beyond the already-agreed 3-year grace period.

SJM is awarded the provisional adjudication of the concession for the operation of fortune or chance in casino, being one of the six new concessionaires in Macau, and entered into a Gaming Concession Contract with the Macao SAR Government on 16 December 2022. The term of the Gaming Concession Contract is 10 years, commencing from 1 January 2023. On 30 December 2022, the Group entered into an Agreement for Provision of Services with SJM which allowed the Group to provide services to SJM in Macau Fisherman's Wharf. The term of the Agreement for Provision of Services is 3 years, commencing from 1 January 2023.

As a provider of casino management services focused on mass market customers and satellite casinos, Hong Hock has a strong reputation and is well established in the gaming industry, proving that its casinos outperform some of the other satellite casinos. Hong Hock is committed to continuing to provide effective casino management services and will continue to focus on developing and identifying partnership opportunities, as well as contributing to the gaming industry in Macau within the constraints of the new law.

Given the outbreak of COVID-19 pandemic, the epidemic has hit Macau economy hard since 2020. Thankfully, continuing strong support has been seen from local customer base and increasing growth of Mainland China visitors. MFW's gaming business performed better than the overall market. The Group's reported gaming revenue in Macau decreased approximately 50.1% compared to last year which was



mainly due to the expiration of the Service Agreement between the Group and SJM on 26 June 2022, while the overall gross gaming revenue in Macau decreased approximately 51.4% according to figures published by The Gaming Inspection and Coordination Bureau.

Despite the adverse influence under COVID-19 pandemic, the Group has been improving the operations in 2022. After all the travel restrictions were canceled by local government in early January 2023, the Group has focused on upgrading dining and entertainment offerings at MFW to welcome mainland China and international visitors.

The Group has expected the Thakhek Club and Savan Legend Resorts to provide momentum to the Group's revenue in Lao PDR during 2022 since Laos's government reopened the border line in April 2022. The hotel and casino at Savan Legend Resorts, Savannakhet is resuming the business gradually and providing positive earnings to the Group.

Looking ahead to 2023, the Group realises that the number of visitors coming to Macau will be increasing significantly after the reopening of borders in early January 2023. The Group remains optimistic and well-equipped to seize opportunities for recovery when the tourism industry rebounds.

### **Liquidity and Capital Resources**

The Group's liquidity needs primarily comprise working capital, capital expenditure, and servicing borrowings of the Group. The Group has generally funded its operations and development projects from internal resources, debt and/or equity financing.

As at 31 December 2022, the consolidated net assets attributable to owners of the Company amounted to approximately HK\$3,708.2 million, representing a decrease of approximately HK\$606.7 million from approximately HK\$4,314.9 million as at 31 December 2021. The decrease in consolidated net assets during the year ended 31 December 2022 was mainly due to the Group's loss for the year of approximately HK\$607.2 million.

The Group is in the process of negotiation for restructuring the repayment schedule of the existing bank borrowing and obtaining additional credit facility.

### ***Cash and bank balances***

As at 31 December 2022, cash and bank balances held by the Group amounted to approximately HK\$89.0 million (including pledged bank deposits of approximately HK\$1.7 million), which was denominated mainly in HK\$ and MOP. Given MOP is linked to HK\$, the Group considers the exposure to exchange rate risk is nominal for its cash and bank balances denominated in MOP.

## ***Borrowings***

As at 31 December 2022, the Group had outstanding (i) secured and guaranteed bank borrowings of approximately HK\$2,158.0 million, and (ii) unsecured, non-guaranteed and interest-bearing other borrowings of HK\$400.0 million. The bank borrowings and other borrowings carried interest at Hong Kong Interbank Offered Rate plus 2.5%-3% per annum and 5%-9% per annum respectively.

The maturity profile of the bank borrowings and other borrowings totalling HK\$2,558.0 million as at 31 December 2022 spread over a period of five years, with HK\$542.3 million repayable within one year of which HK\$400.0 million has been rescheduled to be repaid in the second year subsequent to the reporting period end, HK\$215.4 million in the second year and HK\$1,800.3 million in the third to fifth years. The Group's bank borrowings and other borrowings were denominated in HK\$.

## ***Charge on the Group's Assets***

As at 31 December 2022 certain assets of the Group were pledged to secure credit facilities and use of electricity granted to the Group, including investment properties with a total carrying amount of approximately HK\$464.8 million (31 December 2021: approximately HK\$295.1 million), buildings with a total carrying amount of approximately HK\$3,687.4 million (31 December 2021: approximately HK\$4,010.1 million), right of use assets with a total carrying amount of approximately HK\$1,110.1 million (31 December 2021: approximately HK\$1,152.5 million), trade receivables of approximately HK\$25.4 million (31 December 2021: approximately HK\$148.8 million), bank deposits of approximately HK\$1.7 million (31 December 2021: approximately HK\$1.7 million) and rental deposits paid of approximately HK\$1.6 million (31 December 2021: HK\$2.1 million).

## ***Gearing***

The Group's net gearing ratio is expressed as a percentage of total borrowings (e.g. bank and other borrowings) minus cash (e.g. pledged bank deposits and cash and bank balances) over total equity. As at 31 December 2022, the Group's net gearing ratio was 66.6% (31 December 2021: 52.7%). The increase in the Group's gearing ratio was mainly due to the increase of the other borrowings and the decrease in consolidated net assets of the Group during the year ended 31 December 2022.

As at 31 December 2022, the Group did not employ any financial instruments for hedging purposes.

## ***Purchase, Sale or Redemption of Listed Shares***

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the year ended 31 December 2022.

## **Employees and Remuneration Policies**

As at 31 December 2022, the Group had a total of approximately 1,966 (2021: 3,603) employees, including nil (2021: 1,122) gaming operation employees who were employed and paid by SJM but over whom the Group exercised oversight in accordance with the Service Agreement. The Group reimbursed SJM in full for the salaries and other benefits of these gaming operation employees.

The Group recognises the importance of maintaining a stable staff force for its continued success. Staff remuneration is determined by reference to personal qualifications, work performance, industry experience, responsibilities and relevant market trends. Discretionary bonuses are granted to employees based on merit and in accordance with industry practice. Other benefits including share options, reward shares, retirement benefits, medical subsidy, pension funds and sponsorship for external education and training programmes are offered to eligible employees.

## **CORPORATE GOVERNANCE**

### **Compliance with the Corporate Governance Code**

The Company believes that good corporate governance practices are very important for maintaining and promoting investor confidence and for the sustainable growth of the Group. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business. The Board is committed to strengthening the Group's corporate governance practices and ensuring transparency and accountability of the Company's operations. Throughout the year ended 31 December 2022, the Company has complied with the CG Code save for the following:

#### ***Code provision C.2.1***

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

Prior to Mr Chan Weng Lin's resignation as an executive Director, co-chairman of the Board and chief executive office of the Company with effect from 31 January 2022, (1) Mr Chan Weng Lin and Mr David Chow were co-chairmen of the Board and responsible for the management of the Board and ensuring that all major and appropriate issues were discussed by the Board in a timely and constructive manner; and (2) Mr Chan Weng Lin took care of the day-to-day management of the Group's business and implementation the Group's policies, strategic plans and business goals formulated by the Board. Although Mr Chan Weng Lin was both a co-chairman of the Board and the chief executive officer of the Company, the powers had been shared between the co-chairmen and Mr David Chow would also exercise his power and authorities as a co-chairman in managing the affairs of the Board and the Company. The Board believed that the balance of power and authority for such arrangement would not be impaired and was adequately ensured by the Board which comprised experienced and high caliber individuals with sufficient number of Directors being non-executive Directors.

On 1 March 2022, Mr Li Chu Kwan and Ms Melinda Chan have been appointed as co-chairman of the Board and chief executive officer of the Company, respectively. Following the retirement of Mr David Chow as a non-executive Director and the co-chairman of the Board with effect from 16 August 2022, Mr Li Chu Kwan has acted as the chairman of the Board.

On 1 January 2023, Ms Melinda Chan resigned as the chief executive officer of the Company and Mr Li Chu Kwan has been appointed as the chief executive officer of the Company. Upon the appointment of Mr Li Chu Kwan as the chief executive officer, Mr Li Chu Kwan performed both of the roles as the chairman of the Board and the chief executive officer of the Company. This deviates from code provision C.2.1 of the CG Code. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The Board believes that vesting both the roles of chairman and the chief executive officer in the same person has the benefit of providing a strong and consistent leadership to the Group and allows for more effective planning, management and implement the overall strategy of the Group. In addition, the Board is of the view that the balanced composition of executive and the independent non-executive Directors on the Board and the various committees of the Board (primarily comprising independent non-executive Directors) in overseeing different aspects of the Company's affairs would provide adequate safeguards to ensure a balance of power and authority. The Board will continue to review and consider splitting the roles of the chairman and the chief executive officer at a time when appropriate and suitable by taking into account the circumstances of the Group as a whole. Hence, the aforesaid deviation is appropriate and in the best interest of the Company at the present stage.

### **Compliance with Rules 3.10(1), 3.10A, 3.25 and 3.27A of the Listing Rules**

Rules 3.10(1) and 3.10A of the Listing Rules set out that the Company must have at least three independent non-executive Directors, representing at least one-third of the Board. Rules 3.25 and 3.27A of the Listing Rules set out that the Remuneration Committee and Nomination Committee of the Company must comprise a majority of independent non-executive Directors. Following the resignation of Madam Tam Wai Chu, Maria on 3 February 2022, the Board comprised only two independent non-executive Directors, both the Remuneration Committee and the Nomination Committee comprised of one executive Director, one non-executive Director and two independent non-executive Directors, which was in non-compliance with the requirements under Rules 3.10(1), 3.10A, 3.25 and 3.27A of the Listing Rules.

On 1 March 2022, the Company has appointed Mr Mak Ka Wing, Patrick as an independent non-executive Director, a member of the Remuneration Committee, a member of the Audit Committee and a member and chairman of the Nomination Committee. Since the appointment of Mr Mak Ka Wing, Patrick and the changes in composition of board committees, the Company is now in compliance with the requirements under Rules 3.10(1), 3.10A, 3.25 and 3.27A of the Listing Rules.

## **Compliance with Rules 3.05 and 3.28 of the Listing Rules**

Rule 3.05 of the Listing Rules sets out that the Company must appoint two authorised representatives and Rule 3.28 of the Listing Rules sets out that the Company must appoint a company secretary who is an individual, by virtue of his academic or professional qualifications or relevant experience, capable of discharging the functions of company secretary in Stock Exchange's opinion. Following the resignation of Mr Tsang Ka Hung as the company secretary and the authorised representative on 31 October 2022, the position of company secretary was in vacancy and there was only one authorised representative.

On 1 December 2022, the Company has appointed Ms So Ka Man as the company secretary and authorised representative of the Company. Since the appointment of Ms So Ka Man, the Company is now in compliance with the requirements under Rules 3.05 and 3.28 of the Listing Rules.

## **REVIEW OF ANNUAL RESULTS**

The Group's consolidated financial statements for the year ended 31 December 2022 have been reviewed by the Audit Committee of the Company, which currently comprises three independent non-executive Directors, namely Mr Lau Ngai Kee, Ricky, Mr Wang Hongxin and Mr Mak Ka Wing, Patrick and one non-executive Director, namely Ms Ho Chiulin, Laurinda.

## **SCOPE OF WORK OF MESSRS ERNST & YOUNG**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this preliminary announcement have been agreed by the Company's auditor, Messrs. Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Messrs. Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Ernst & Young on the preliminary announcement.

## **DEFINITIONS**

In this announcement, the following expressions have the following meanings unless the context otherwise requires:

“Adjusted EBITDA”	the Group's adjusted earnings before interest income, finance costs, income taxes, depreciation, amortization and certain items
“ADR”	average daily room rate
“Board”	the board of Directors
“Cape Verde”	the Republic of Cabo Verde

“CG Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
“Company”	Macau Legend Development Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“COVID-19”	Coronavirus Disease 2019
“Directors”	the Directors of the Company
“executive Directors”	the executive Directors of the Company
“FVTPL”	fair value through profit or loss
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKASs”	Hong Kong Accounting Standards
“HKFRSs”	Hong Kong Financial Reporting Standards
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“Hong Hock”	Hong Hock Development Company Limited, a company incorporated in Macau and a subsidiary of the Company
“Lao PDR”	the Lao People’s Democratic Republic
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“MFW”	Macau Fisherman’s Wharf operated by MFW Investment
“MFW Group”	MFW Investment and its subsidiaries
“MFW Investment”	Macau Fisherman’s Wharf International Investment Limited, a company incorporated in Macau and a subsidiary of the Company
“MOP”	Macau Pataca, the lawful currency of Macau

“Mr Chan Weng Lin”	Mr Chan Weng Lin, a controlling shareholder (as defined in the Listing Rules) of the Company and the former co-chairman of the Board, the former executive Director and the former chief executive officer of the Company
“Mr David Chow”	Mr Chow Kam Fai, David, the former co-chairman of the Board and the former non-executive Director
“Mr Li Chu Kwan”	Mr Li Chu Kwan, the chairman of the Board, an executive Director and the chief executive officer of the Company
“Ms Melinda Chan”	Ms Chan Mei Yi, Melinda, an executive Director and a vice-chairman of the Board, and the spouse of Mr David Chow
“New Legend”	New Legend VIP Club Limited, a company incorporated in Macau by Mr Yip Wing Fat, Frederick (being the sole shareholder and sole director of New Legend and the executive vice president and head of casino operations of the Company), and consolidated as a subsidiary of the Company under the VIE Structure
“PRC” or “China”	the People’s Republic of China
“REVPAR”	revenue per available room
“Savan Legend”	Savan Legend Resorts Sole Company Limited, a company incorporated in the Lao PDR and a wholly-owned subsidiary of the Company, which operates Savan Legend Resorts
“Savan Legend Casino”	a casino operated by Savan Legend inside Savan Legend Resorts
“Savan Legend Resorts”	Savan Legend Resorts Hotel and Entertainment Complex
“Service Agreement”	the service agreement dated 25 September 2006 and its related amendments entered into between Hong Hock and SJM, under which the Group provides gaming services to SJM in Legend Palace Casino, Babylon Casino and Landmark Casino which expired on 26 June 2022
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“SJM”	SJM Resorts, S.A.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“VIE Parties”	Hong Hock, New Legend and Mr Yip Wing Fat, Frederick
“VIE Structure”	the structure established through the entering into of the exclusive management and consultancy services agreement, the exclusive undertaking to sell agreement, the transfer of profit and loan agreement, the share and equity pledge agreement and the power of attorney (further details of these agreements are set out in the Company’s circular dated 9 June 2014) which enables the Group to indirectly participate in the gaming promotion business operations in Macau through New Legend
“%”	per cent

By order of the Board  
**Macau Legend Development Limited**  
**Li Chu Kwan**  
*Chairman, executive Director and chief executive officer*

Hong Kong, 31 March 2023

*As at the date of this announcement, the executive Directors are Mr Li Chu Kwan and Ms Chan Mei Yi, Melinda; the non-executive Directors are Ms Ho Chiulin, Laurinda, Mr Li Chun Tak and Mr Wong Che Man Eddy; and the independent non-executive Directors are Mr Wang Hongxin (alias Wang, Charles Hongxin), Mr Lau Ngai Kee, Ricky and Mr Mak Ka Wing, Patrick.*

\* *for identification purposes only*