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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

RESULTS

The Board announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2023 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		For the six months ended 30 June	
	<i>Notes</i>	2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
REVENUE	3	420,232	543,751
Cost of sales and services		<u>(356,948)</u>	<u>(729,043)</u>
		63,284	(185,292)
Other income, gains and losses, net		5,419	(6,604)
Reversal/(provision) on impairment losses on financial assets, net		683	(984)
Marketing and promotional expenses		(45,198)	(62,474)
Operating, administrative and other expenses		(109,137)	(137,438)
Finance costs	5	(91,071)	(49,128)
Share of results of an associate		<u>–</u>	<u>(7,084)</u>

* for identification purposes only

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2023

		For the six months ended 30 June	
	<i>Notes</i>	2023	2022
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
LOSS BEFORE TAX	6	(176,020)	(449,004)
Income tax expenses	7	<u>(6,478)</u>	<u>(36,504)</u>
LOSS FOR THE PERIOD		<u>(182,498)</u>	<u>(485,508)</u>
OTHER COMPREHENSIVE LOSS:			
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations – subsidiaries		<u>(6,647)</u>	<u>(2,312)</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		<u>(6,647)</u>	<u>(2,312)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u>(189,145)</u>	<u>(487,820)</u>
LOSS PER SHARE			
Basic (HK cents)			
– For loss for the period	9	<u>(2.94)</u>	<u>(7.83)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

		30 June	31 December
		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Investment properties		455,767	464,765
Property and equipment		4,727,236	4,880,365
Right-of-use assets		1,174,744	1,200,393
Other intangible assets		42,462	44,027
Loan to an associate		179,746	116,467
Deposits paid		<u>220,755</u>	<u>219,648</u>
Total non-current assets		<u>6,800,710</u>	<u>6,925,665</u>
CURRENT ASSETS			
Inventories		21,622	21,304
Trade and other receivables, deposits and prepayments	<i>10</i>	108,436	114,398
Pledged deposits		1,672	1,672
Cash and cash equivalents		<u>94,749</u>	<u>87,341</u>
Total current assets		<u>226,479</u>	<u>224,715</u>
CURRENT LIABILITIES			
Trade and other payables	<i>11</i>	236,008	218,862
Tax payable		433,321	433,864
Bank and other borrowings – due within one year		628,394	542,319
Lease liabilities		<u>7,498</u>	<u>7,326</u>
Total current liabilities		<u>1,305,221</u>	<u>1,202,371</u>
NET CURRENT LIABILITIES		<u>(1,078,742)</u>	<u>(977,656)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,721,968</u>	<u>5,948,009</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

30 June 2023

	30 June 2023	31 December 2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
NON-CURRENT LIABILITIES		
Bank and other borrowings – due after one year	1,984,446	2,015,632
Lease liabilities	89,168	91,625
Deferred tax liabilities	129,287	132,540
	<u>2,202,901</u>	<u>2,239,797</u>
Total non-current liabilities	2,202,901	2,239,797
NET ASSETS	<u>3,519,067</u>	<u>3,708,212</u>
EQUITY		
Share capital	620,119	620,119
Reserves	2,898,948	3,088,093
	<u>3,519,067</u>	<u>3,708,212</u>
TOTAL EQUITY	<u>3,519,067</u>	<u>3,708,212</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.

The interim condensed consolidated financial information is presented in Hong Kong dollars (“**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 under the historical cost convention except for financial assets at fair value through profit or loss which have been measured at fair value.

Going concern basis

The Group had net current liabilities of approximately HK\$1,078.7 million as at 30 June 2023 and incurred a net loss of approximately HK\$182.5 million during the six months ended 30 June 2023. The Group’s total bank and other borrowings amounted to HK\$2,612.8 million, of which HK\$628.4 million will be due for repayment within the next 12 months from the end of the reporting period, while its cash and cash equivalents amounted to HK\$94.7 million as at 30 June 2023.

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 previous 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 the interim condensed consolidated financial information, the Group expects that, 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 has been holding discussions with the Banks to amend the loan covenants and loan repayment schedule in the Group’s favour. Subsequent to the end of the reporting period, in August 2023, a loan-restructuring arrangement has been agreed in-principle by both the Banks and the Group in respect of the amendment of the loan covenants and loan repayment schedule, and a formal agreement is pending to be executed.

As a result of the loan covenant waiver received from the Banks on 28 December 2022, bank borrowings in the amount of HK\$1,984.4 million have been classified as non-current liabilities as at 30 June 2023, 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 demand repayment of a shareholder's loan in the amount of HK\$50.0 million prior to 31 August 2024;
- (b) a substantial shareholder has confirmed in writing not to demand repayment of certain loans in the aggregate amount of HK\$330.0 million prior to 31 August 2024, and another substantial shareholder has confirmed in writing not to demand repayment of certain loans in the aggregate amount of HK\$100.0 million prior to 31 March 2024, which are expected by the management to be rolled over thereafter;
- (c) the Directors agreed in-principle a loan-restructuring arrangement with the Banks to amend the loan covenants and loan repayment schedule of a loan with a principal amount of HK\$2,059.5 million outstanding as at the end of the reporting period, and a formal agreement is pending to be executed. This includes, inter alia, a change to the installment loan repayment schedule by reducing the amounts repayable in 2023 to 2026, and amendment of the loan covenants;
- (d) 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
- (e) as a result of the uplifting of all travel and border restrictions between Macau and mainland China/Hong Kong in early 2023, the Directors expect the number of tourists traveling into Macau will significantly increase, which will in turn improve the Group's business and financial performance.

The Directors believe that, taking into account 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 interim condensed consolidated financial information of the Group for the six months ended 30 June 2023 on a going concern basis.

Should the going concern assumption be inappropriate, 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 interim condensed consolidated financial information.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have any material impact on the financial position or performance of the Group.
- (d) Amendments to HKAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities’ exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. REVENUE

An analysis of revenue is as follows:

For the six months ended 30 June	
2023	2022
HK\$’000	HK\$’000
(Unaudited)	(Unaudited)

Revenue from gaming related operations:

- (i) from provision of gaming related facilities and gaming related general management services under the New Service Agreement (as defined in note 4) and indirect participation in the gaming promotion business under the VIE Structure in respect of:

– Mass market tables	145,146	367,353
– VIP tables*	–	68,519
– Slot machines	–	1,102
	145,146	436,974

* The amounts include outsourced VIP tables and indirect participation in the gaming promotion business in Macau through New Legend VIP Club Limited (“**New Legend**”) under the VIE Structure, which has been terminated with effect from 1 January 2023.

	For the six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(ii) from operation of a casino in respect of:		
– Mass market tables	17,880	6,960
– VIP tables	39,222	–
– Slot machines	25,945	5,321
	<u>83,047</u>	<u>12,281</u>
Total gaming revenue	<u>228,193</u>	<u>449,255</u>
Revenue from non-gaming related operations:		
Income from hotel rooms	109,175	19,010
Income from building management services	8,630	8,987
	<u>117,805</u>	<u>27,997</u>
Food and beverage	46,932	39,940
Sales of merchandise	125	834
Others	8,319	4,735
	<u>55,376</u>	<u>45,509</u>
Licensing income from investment properties	<u>18,858</u>	<u>20,990</u>
Total non-gaming revenue	<u>192,039</u>	<u>94,496</u>
	<u>420,232</u>	<u>543,751</u>

4. SEGMENT INFORMATION

The executive Directors of the Company (the “**Executive Directors**”) have been identified as the chief operating decision maker. 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 management has chosen to organise the Group based on different 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 new service agreement entered into between Hong Hock, a wholly-owned subsidiary of the Company, and gaming operator, SJM (the “**New Service Agreement**”), whereby the revenue is 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 entering into the VIE Agreements among Hong Hock, New Legend and Mr. Frederick Yip, where appropriate, of which further details are set out in the Company’s circular dated 9 June 2014 as VIE Structure and has been terminated with effect from 1 January 2023; and 2) Casino operation in Lao PDR.

Non-gaming – operations at MFW, Savan Legend Resorts Hotel, including hotel and other operations such as licensing income from the shops, provision of building management services, 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:

For the six months ended 30 June 2023

	Gaming HK\$'000 (Unaudited)	Non- gaming HK\$'000 (Unaudited)	Segment total HK\$'000 (Unaudited)	Elimination HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
External revenue	228,193	192,039	420,232	–	420,232
Intersegment revenue	–	13,703	13,703	(13,703)	–
Segment revenue	<u>228,193</u>	<u>205,742</u>	<u>433,935</u>	<u>(13,703)</u>	<u>420,232</u>
Segment profit/(loss)	<u>81,375</u>	<u>(133,764)</u>	<u>(52,389)</u>	<u>–</u>	<u>(52,389)</u>

Reconciliation:

Unallocated depreciation and amortisation	(27,671)
Unallocated corporate income and expenses, net	(4,889)
Finance costs	<u>(91,071)</u>
Loss before tax	<u>(176,020)</u>

For the six months ended 30 June 2022

	Gaming HK\$'000 (Unaudited)	Non- gaming HK\$'000 (Unaudited)	Segment total HK\$'000 (Unaudited)	Elimination HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
External revenue	449,255	94,496	543,751	–	543,751
Intersegment revenue	–	41,797	41,797	(41,797)	–
Segment revenue	<u>449,255</u>	<u>136,293</u>	<u>585,548</u>	<u>(41,797)</u>	<u>543,751</u>
Segment loss	<u>(91,242)</u>	<u>(236,881)</u>	<u>(328,123)</u>	<u>–</u>	<u>(328,123)</u>
<i>Reconciliation:</i>					
Unallocated depreciation and amortisation					(35,983)
Unallocated corporate income and expenses, net					(28,686)
Share of results of an associate					(7,084)
Finance costs					<u>(49,128)</u>
Loss before tax					<u>(449,004)</u>

Intersegment 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, right-of-use assets and property and equipment arising from the fair value adjustments on acquisition of MFW Group and amortisation of other intangible assets, unallocated corporate income and expenses, net, 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. FINANCE COSTS

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest on bank borrowings	62,460	29,711
Interest on other borrowings	23,427	2,011
Interest on lease liabilities	2,795	3,013
Amortisation of finance costs on bank borrowings and other finance costs	2,389	14,393
	<u>91,071</u>	<u>49,128</u>

6. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Reversal of write down of inventories to net realisable value	(303)	(2,221)
Amortisation of other intangible assets (included in cost of sales and services of HK\$510,000 (2022: cost of sales and services of HK\$517,000 and operating, administrative and other expenses of HK\$8,304,000))	510	8,821
Cost of inventories sold	34,420	41,761
Depreciation of investment properties	8,997	5,631
Depreciation of property and equipment	156,983	178,662
Depreciation of right-of-use assets (included in cost of sales and services of HK\$25,313,000 (2022: HK\$26,116,000) and operating, administrative and other expenses of HK\$53,000 (2022: HK\$726,000))	25,366	26,842
(Gain)/loss on disposal of property and equipment	(810)	137
Gross licensing income from investment properties	(18,858)	(20,990)
Less: Direct operating expenses that generate licensing income from investment properties	8,997	5,631
Net licensing income from investment properties	<u>(9,861)</u>	<u>(15,359)</u>
Bank interest income	(70)	(8,047)
Foreign exchange differences, net	768	673
Loss on change in fair value of financial assets at fair value through profit or loss ("FVTPL")	–	21,852

7. INCOME TAX

	For the six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Macau complementary tax		
– current period	<u>(385)</u>	<u>(376)</u>
	(385)	(376)
Lao PDR annual flat tax and income tax		
– current period	<u>(9,174)</u>	<u>(39,381)</u>
	(9,174)	(39,381)
Cambodia withholding tax		
– current period	<u>(172)</u>	<u>–</u>
	(172)	–
Deferred tax credit	<u>3,253</u>	<u>3,253</u>
Income tax charge	<u><u>(6,478)</u></u>	<u><u>(36,504)</u></u>

8. DIVIDEND

The Directors have determined that no dividend will be paid in respect of the interim period in 2023 (2022: Nil).

9. LOSS PER SHARE

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

Loss

	For the six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss for the period for the purpose of basic loss per share calculation	<u><u>(182,498)</u></u>	<u><u>(485,508)</u></u>

Number of Shares

For the six months
ended 30 June

2023 2022
'000 '000

Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	6,201,187	6,201,187
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Diluted loss per share amounts are not presented as the Group did not have any dilutive potential ordinary shares for both interim periods.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Trade receivables	128,645	138,418
Less: Impairment losses	(62,199)	(64,023)
	66,446	74,395
Other receivables	81,292	87,951
Less: Impairment losses	(67,132)	(67,133)
	14,160	20,818
Deposits and prepayments	27,830	19,185
Total trade and other receivables, deposits and prepayments	108,436	114,398

An ageing analysis of trade receivables as at the end of the reporting period, based on the invoice date and net of impairment allowance is as follows:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Within 3 months	59,260	50,178
3 to 6 months	360	17,090
6 months to 1 year	1,826	2,127
Over 1 year	5,000	5,000
	<u>66,446</u>	<u>74,395</u>

11. TRADE AND OTHER PAYABLES

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Trade payables	33,246	25,392
Construction and retention payables	16,772	17,379
Other payables	87,947	90,564
Deposits received from tenants	24,307	22,907
Deposits received from gaming promoters	839	1,103
Accrued staff costs	31,350	30,562
Other sundry accruals	41,547	30,955
	<u>236,008</u>	<u>218,862</u>
Total trade and other payables	<u>236,008</u>	<u>218,862</u>

An ageing analysis of trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Within 3 months	30,731	24,589
3 to 6 months	1,952	803
6 months to 1 year	563	–
	<u>33,246</u>	<u>25,392</u>

EXTRACTS OF INDEPENDENT AUDITOR'S REVIEW REPORT

The following is an extract from the independent review report on the interim financial information of the Group for the six months ended 30 June 2023.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Material uncertainty related to going concern

We draw attention to note 2.1 in the interim financial information, which indicates that the Group incurred a net loss of approximately HK\$182.5 million during the six months ended 30 June 2023 and, as of that date, the Group's net current liabilities were approximately HK\$1,078.7 million. During the prior 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 Group is seeking amendment of the loan covenants and loan repayment terms in the Group's favour. Subsequent to the end of the reporting period, a loan-restructuring arrangement has been agreed in-principle by both the Banks and the Group in respect of the amendment of the loan covenants and loan repayment schedule, and a formal agreement is pending to be executed. 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 conclusion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Interim Results

For the six months ended 30 June 2023, the Group achieved a total reported revenue of approximately HK\$420.2 million, representing a decrease of approximately HK\$123.6 million or approximately 22.7% below that of the last corresponding period of approximately HK\$543.8 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 from Legend Palace Casino; and (ii) casino operations in the Lao PDR.

Legend Palace Casino

	Mass Market Tables			VIP Tables ⁽¹⁾			Slot Machines		
	For the six months ended 30 June			For the six months ended 30 June			For the six months ended 30 June		
	2023	2022	change	2023	2022	change	2023	2022	change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Games drop/Slot handle	1,717,340	1,021,249	68.2	N/A	N/A	N/A	-	40,570	(100.0)
Turnover	N/A	N/A	N/A	-	3,040,232	(100.0)	N/A	N/A	N/A
Net win	261,279	164,388	58.9	-	105,760	(100.0)	-	2,755	(100.0)
Hold rate	15.21%	16.10%	(0.89)	-	3.48%	(100.0)	-	6.79%	(100.0)
Average number of tables/slot machines	32	58	(44.8)	-	14	(100.0)	-	36	(100.0)
Net win per table/slot machine per day	45	16	181.3	-	43	(100.0)	-	0.44	(100.0)
Reported revenue	145,146	93,594	55.1	-	60,459	(100.0)	-	1,102	(100.0)
No. of gaming tables/slot machines in operation as of period end	33	59	(44.1)	-	14	(100.0)	-	39	(100.0)

Babylon Casino⁽²⁾

	Mass Market Tables			VIP Tables ⁽¹⁾		
	For the six months ended 30 June			For the six months ended 30 June		
	2023	2022	change	2023	2022	change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Games drop	-	507,528	(100.0)	N/A	N/A	N/A
Turnover	N/A	N/A	N/A	-	626,345	(100.0)
Net win	-	67,840	(100.0)	-	14,603	(100.0)
Hold rate	-	13.37%	(100.0)	-	2.33%	(100.0)
Average number of tables	-	25	(100.0)	-	9	(100.0)
Net win per table per day	-	15	(100.0)	-	9	(100.0)
Reported revenue	-	38,355	(100.0)	-	7,970	(100.0)
No. of gaming tables in operation as of period end	-	25	(100.0)	-	9	(100.0)

Landmark Casino⁽³⁾

	Mass Market Tables			VIP Tables ⁽¹⁾		
	For the six months ended 30 June			For the six months ended 30 June		
	2023	2022	change	2023	2022	change
	<i>HK\$'000</i>	<i>HK\$'000</i>	%	<i>HK\$'000</i>	<i>HK\$'000</i>	%
Games drop	–	1,824,398	(100.0)	N/A	N/A	N/A
Turnover	N/A	N/A	N/A	–	775,000	(100.0)
Net win	–	428,006	(100.0)	–	4,541	(100.0)
Hold rate	–	23.46%	(100.0)	–	0.59%	(100.0)
Average number of tables	–	75	(100.0)	–	3	(100.0)
Net win per table per day	–	32	(100.0)	–	9	(100.0)
Reported revenue	–	235,403	(100.0)	–	90	(100.0)
No. of gaming tables in operation as of period end	–	75	(100.0)	–	3	(100.0)

Savan Legend Casino⁽⁴⁾

	Mass Market Tables			VIP Tables			Slot Machines		
	For the six months ended 30 June			For the six months ended 30 June			For the six months ended 30 June		
	2023	2022	change	2023	2022	change	2023	2022	change
	<i>HK\$'000</i>	<i>HK\$'000</i>	%	<i>HK\$'000</i>	<i>HK\$'000</i>	%	<i>HK\$'000</i>	<i>HK\$'000</i>	%
Games drop/Slot handle	65,455	34,432	90.1	N/A	N/A	N/A	676,184	139,416	385.0
Turnover	N/A	N/A	N/A	1,588,309	–	100.0	N/A	N/A	N/A
Net win	18,086	7,295	147.9	59,532	–	100.0	25,928	5,406	379.6
Hold rate	27.63%	21.19%	6.44	3.75%	–	3.75	3.83%	3.88%	(0.05)
Average number of tables/slot machines	14	8	75.0	17	–	100.0	270	103	162.1
Net win per table/slot machine per day	7	1	600.0	19	–	100.0	0.5	0.1	400.0
Reported revenue	17,880	6,961	156.9	39,222	–	100.0	25,945	5,321	387.6
No. of gaming tables/slot machines in operation as of period end	17	14	21.4	12	–	100.0	254	182	39.6

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Total reported revenue for gaming services		
Mass Market Tables	163,026	374,313
VIP Tables ⁽¹⁾	39,222	68,519
Slot Machines	25,945	6,423
	228,193	449,255

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. The contractual relationship with New Legend is terminated since 1 January 2023.
- (2) Babylon Casino has ceased operations since 1 January 2023, and hence, there is no reported revenue generated.
- (3) The Group has expressed its intention not to continue the provision of services in Landmark Casino since 27 June 2022, and hence, there is no reported revenue generated.
- (4) The amounts include the operating statistics of the Thakhek slot club.

For the six months ended 30 June 2023, gaming revenue of the Group decreased by approximately 49.2% to approximately HK\$228.2 million when compared to the corresponding period in 2022. The decrease in gaming revenue was primarily due to the cessation of service provision in Landmark Casino and that VIP tables and Babylon Casino were no longer in operation since 1 January 2023. For the same period, the Group recorded a total gaming revenue from mass market tables in Legend Palace Casino and Savan Legend Casino of approximately HK\$163.0 million, representing an increase of approximately 62.1% when compared to the corresponding period in 2022; within which the net win per table per day in Legend Palace Casino increased by approximately 181.3%.

As at 30 June 2023, the Group had a total of 33 gaming tables in Macau (30 June 2022: 190), of which 33 (30 June 2022: 190) were put into operation. The Group had 17 mass market tables (30 June 2022: 14) and 12 VIP tables (30 June 2022: Nil) which were put into operation in the Lao PDR.

B. Non-gaming Operations

For the six months ended 30 June 2023, the Group recorded total non-gaming revenue of approximately HK\$192.0 million, representing an increase of approximately HK\$97.5 million or approximately 103.2% over that of the last corresponding period of approximately HK\$94.5 million.

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

	Six months ended 30 June					
	2023			2022		
	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	107,955	1,220	109,175	18,920	90	19,010
Licensing income from investment properties	18,858	–	18,858	20,990	–	20,990
Income from building management services	8,630	–	8,630	8,987	–	8,987
Food and beverage	45,992	940	46,932	39,787	153	39,940
Sales of merchandise	125	–	125	834	–	834
Others	8,296	23	8,319	4,729	6	4,735
Total revenue from non- gaming operations	189,856	2,183	192,039	94,247	249	94,496

The increase in non-gaming revenue was mainly due to the increase in revenue from hotel rooms as a result of the increased tourist visitation from the mainland China, Hong Kong and other regions since the gradual relaxation in travel restrictions and entry requirements in January 2023.

The following table sets out certain key operational data on our major hotel operations of the Group for the six months ended 30 June 2023 and 2022:

	For the six months ended 30 June			
	2023		2022	
	Legend Palace Hotel	Harbourview Hotel	Legend Palace Hotel	Harbourview Hotel
Occupancy rate (%)	90	95	64	70
ADR (HK\$)	1,044	828	730	290
REVPAR (HK\$)	941	787	466	200

Adjusted EBITDA

Adjusted EBITDA for the six months ended 30 June 2023 was a gain of approximately HK\$103.8 million, representing an improvement of approximately HK\$264.3 million as compared with the corresponding period in 2022 which incurred a loss of approximately HK\$160.5 million. The following table reconciles the Adjusted EBITDA to the profit (loss) attributable to owners of the Company:

	Six months ended 30 June					
	2023			2022		
	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
(Loss)/profit attributable to owners of the Company	(193,488)	10,990	(182,498)	(437,245)	(48,263)	(485,508)
Adjustments for:						
Finance costs	75,799	15,272	91,071	48,502	626	49,128
Depreciation of investment properties	8,997	–	8,997	5,631	–	5,631
Depreciation of right-of-use assets	22,551	2,815	25,366	23,986	2,856	26,842
Depreciation of property and equipment	147,973	9,010	156,983	171,533	7,129	178,662
Amortisation of other intangible assets	–	510	510	8,303	518	8,821
(Gain)/loss on disposal of property and equipment	(732)	(78)	(810)	143	(6)	137
(Reversal of)/impairment losses on financial assets	(184)	(499)	(683)	1,842	(1,871)	(29)
Reversal of write down of inventories to net realisable value	(303)	–	(303)	(2,221)	–	(2,221)
Loss on change in fair value of financial assets at FVTPL	–	–	–	21,852	–	21,852
Exchange (gain)/loss arising from non-operating activities	–	(443)	(443)	–	732	732
Share of results of an associate	–	–	–	7,084	–	7,084
Bank interest income	(40)	(30)	(70)	(8,045)	(2)	(8,047)
Compensation income	(49)	–	(49)	(70)	–	(70)
Income tax expenses	(2,696)	9,174	6,478	(2,876)	39,380	36,504
Other	(788)	–	(788)	–	–	–
Adjusted EBITDA	57,040	46,721	103,761	(161,581)	1,099	(160,482)

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

	Six months ended 30 June					
	2023			2022		
	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
Gaming services	33,268	72,172	105,440	(37,230)	8,829	(28,401)
Non-gaming operations	28,662	(25,451)	3,211	(117,517)	(7,730)	(125,247)
Sub-total	61,930	46,721	108,651	(154,747)	1,099	(153,648)
Unallocated corporate expenses ⁽¹⁾	(4,890)	-	(4,890)	(6,834)	-	(6,834)
Adjusted EBITDA	57,040	46,721	103,761	(161,581)	1,099	(160,482)

Remark:

(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 six months ended 30 June 2023 was a gain of approximately HK\$57.0 million, as compared to the corresponding period in 2022 which incurred a loss of approximately HK\$161.6 million, representing an improvement of approximately HK\$218.6 million.

Adjusted EBITDA of Savan Legend increased by approximately HK\$45.6 million to a gain of approximately HK\$46.7 million when compared to the last corresponding period.

The Group's loss for the six months ended 30 June 2023 was approximately HK\$182.5 million, as compared to the loss of approximately HK\$485.5 million in the corresponding period in 2022. The results of the Group are influenced by the travelling policies around the world. Since early January 2023, entry and exit restrictions and requirements had been comprehensively relaxed and group tours gradually resumed operation among mainland China, Hong Kong and Macau, thereby reviving the entire market economy in phases. As compared to 2019, the recorded gaming performance of the Group in Macau showed a recovery rate of 66.5% and 92.5% in the daily net win per mass market table in Legend Palace Casino for the first and second quarters respectively while the recorded non-gaming performance of the Group in Macau showed a recovery rate of 89.5% and 98.3% in the first and second quarters respectively. For the operation in Lao PDR, the number of tourists continued to pick up in corresponding period in 2023. As compared to 2019, the recorded gaming performance in Lao PDR showed a recovery rate of 100.0%, 105.6% and 83.3% in the daily net win per mass market table, VIP table and slot machine respectively in the first half of 2023.

Dividend

The Board will not declare any interim dividend for the six months ended 30 June 2023 (2022: Nil).

OUTLOOK

Visitation to Macau increased significantly since early January 2023 when travel restrictions and requirements on negative COVID-19 test result were removed for travelers from the Mainland China, Hong Kong and Taiwan; and these removals were further extended to travelers from other countries in early April 2023. According to the figures from Macau SAR Government Statistics and Census Service, the monthly average number of visitor arrivals for the first half of 2023 increased to 1.94 million from 0.58 million for the first half of 2022, which reached 57.4% of the level in the first half of 2019. Unless there is another outbreak of the pandemic, the Group remains optimistic over the further recovery of the tourism industry.

Commencing on 1 January 2023, the Group is generating gaming revenue in Macau through the provision of services to SJM which is derived based on net gaming wins. The Adjusted EBITDA of this gaming operation improved from a loss of HK\$37.2 million incurred in the first half of 2022 to a profit of HK\$33.3 million generated in the first half of 2023.

For the non-gaming operations in Macau, benefiting from the surge in visitation, revenue in the first half of 2023 increased by 101.4% as compared to that of the first half of 2022 and reached 94.0% of the level in the first half of 2019. The Adjusted EBITDA of these operations also improved from a loss of HK\$117.5 million incurred in the first half of 2022 to a profit of HK\$28.7 million generated in the first half of 2023. The Group will continue to focus on the upgrading of dining and entertainment offerings at MFW, as well as the branding of this waterfront integrated attraction to welcome not only visitors from the Mainland China but also those from other countries over the world especially from the Southeast Asia. The Group is also working towards more diversification in offerings over different areas of MFW, with dining options ranging from local snacks to international fine-dining and entertainment options ranging from relaxation to excitement, accompanied by a variety of shopping selections.

In terms of overseas business, the operations in Lao PDR continue to improve since the relaxation of travel measures in Lao PDR and Thailand. Although the gaming and hotel business in Lao PDR is profit-making, the Group is trying to centralise resources and reallocate more resources to its business operation in Macau and for overall future development; thus, the Company has entered into a letter of intent to dispose of the operations in Lao PDR. For details, please refer to the announcement of the Company dated 13 June 2023.

Looking forward to the second half of 2023, the Group remains optimistic that it is well equipped to seize opportunities from further recovery in the tourism industry.

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 30 June 2023, the consolidated net assets attributable to owners of the Company amounted to approximately HK\$3,519.1 million, representing a decrease of approximately HK\$189.1 million from approximately HK\$3,708.2 million as at 31 December 2022. The decrease in consolidated net assets during the six months ended 30 June 2023 was mainly due to the Group's loss for the period of approximately HK\$182.5 million.

Cash and cash equivalents

As at 30 June 2023, cash and bank balances held by the Group amounted to approximately HK\$96.4 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 30 June 2023, the Group had outstanding (i) secured and guaranteed bank borrowings of approximately HK\$2,132.8 million, and (ii) unsecured, non-guaranteed and interest-bearing other borrowings of HK\$480.0 million. The bank borrowings and other borrowings carried interest at Hong Kong Interbank Offered Rate plus 2.25-3% per annum and 5-11.4% per annum respectively. The Group's bank borrowings and other borrowings were denominated in HK\$.

Charge on the Group's Assets

As at 30 June 2023, 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\$455.8 million (31 December 2022: approximately HK\$464.8 million), buildings with a total carrying amount of approximately HK\$3,621.3 million (31 December 2022: approximately HK\$3,687.4 million), right-of-use assets with a total carrying amount of approximately HK\$1,089.0 million (31 December 2022: approximately HK\$1,110.1 million), trade receivables of approximately HK\$56.0 million (31 December 2022: approximately HK\$25.4 million), bank deposits of approximately HK\$1.7 million (31 December 2022: approximately HK\$1.7 million) and rental deposits paid of approximately HK\$1.6 million (31 December 2022: approximately HK\$1.6 million).

Gearing

The Group's net gearing ratio is expressed as a percentage of total borrowing (e.g. bank and other borrowings) minus cash (eg. pledged bank deposits and cash and bank balances) over total equity. As at 30 June 2023, the Group's net gearing ratio was 71.5% (31 December 2022: 66.6%). The increase in the Group's gearing ratio was mainly due to the decrease in consolidated net assets of the Group during the six months ended 30 June 2023.

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 six months ended 30 June 2023.

Employees and Remuneration Policies

As at 30 June 2023, the Group had a total of approximately 2,226 (31 December 2022: 1,966) employees, including approximately 280 (31 December 2022: Nil) gaming operation employees who were employed and paid by SJM but over whom the Group exercised oversight in accordance with the New 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, subsidised medical care, 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 six months ended 30 June 2023, the Company has complied with the CG Code except for code provision C.2.1.

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 separated and should not be performed by the same individual.

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 implementation of 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.

REVIEW OF UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The Company's unaudited interim condensed consolidated financial information for the six months ended 30 June 2023 has been reviewed by the Audit Committee, which currently comprises three independent non-executive Directors, namely Mr Lau Ngai Kee, Ricky, Mr Wang Hongxin and Mr Mak Ka Wing, Patrick and a non-executive Director, namely Ms Ho Chiulin, Laurinda, and by the Company's independent auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. The Audit Committee considers that the interim results for the six months ended 30 June 2023 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

EVENTS AFTER THE REPORTING PERIOD

The Company did not have any material events affecting the Company and its subsidiaries after the reporting period and up to the date of this 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
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“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
“FVTPL”	Fair value through profit and 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, PRC
“MFW”	Macau Fisherman’s Wharf operated by Macau Fisherman’s Wharf International Investment Limited, a company incorporated in Macau and a subsidiary of the Company
“MFW Group”	MFW Investment and its subsidiaries
“MOP”	Macau Pataca, the lawful currency of Macau
“Mr David Chow”	Mr Chow Kam Fai, David, a former co-chairman of the Board
“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, the vice chairman of the Board and an executive Director, 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 former executive vice president and head of casino operations of the Company), and the VIE Structure is terminated since 1 January 2023
“New Service Agreement”	the service agreement dated 30 December 2022 and its related amendments entered into between Hong Hock and SJM, under which the Group provides gaming services to SJM in Legend Palace Casino
“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

“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 Structure”	the structure established through the entering into of the VIE Agreements, 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, 30 August 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*