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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 2023

RESULTS

The Board announces the consolidated annual results of the Group for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2023

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
REVENUE	3	901,645	711,605
Cost of sales and services		<u>(741,353)</u>	<u>(1,046,963)</u>
		160,292	(335,358)
Other income, gains and losses, net	5	(1,114)	19,850
Share of results of an associate		–	(7,084)
Impairment losses on financial assets		(50)	(1,592)
Marketing and promotional expenses		(106,102)	(80,139)
Operating, administrative and other expenses		(259,029)	(241,148)
Finance costs	6	<u>(202,849)</u>	<u>(109,973)</u>

* for identification purposes only

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
LOSS BEFORE TAX	7	(408,852)	(755,444)
Income tax credit	8	<u>403,931</u>	<u>148,235</u>
LOSS FOR THE YEAR		<u>(4,921)</u>	<u>(607,209)</u>
OTHER COMPREHENSIVE INCOME:			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations – subsidiaries		<u>1,938</u>	<u>481</u>
Other comprehensive income for the year		<u>1,938</u>	<u>481</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(2,983)</u>	<u>(606,728)</u>
LOSS PER SHARE			
Basic (HK cents)			
– For loss for the year	<i>10</i>	<u>(0.08)</u>	<u>(9.79)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Investment properties		446,771	464,765
Property and equipment		4,571,922	4,880,365
Right-of-use assets		1,150,094	1,200,393
Other intangible assets		43,305	44,027
Loan to an associate		210,888	116,467
Deposits paid		229,184	219,648
Total non-current assets		6,652,164	6,925,665
CURRENT ASSETS			
Inventories		21,321	21,304
Trade and other receivables, deposits and prepayments	<i>11</i>	124,224	114,398
Pledged bank deposits		1,674	1,672
Cash and bank balances		63,233	87,341
Total current assets		210,452	224,715
CURRENT LIABILITIES			
Trade and other payables	<i>12</i>	367,911	218,862
Tax payable		770	433,864
Bank and other borrowings – due within one year		633,607	542,319
Lease liabilities		7,732	7,326
Total current liabilities		1,010,020	1,202,371
NET CURRENT LIABILITIES		(799,568)	(977,656)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,852,596	5,948,009

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*At 31 December 2023*

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Bank and other borrowings – due after one year	1,934,949	2,015,632
Lease liabilities	86,384	91,625
Deferred tax liabilities	126,034	132,540
	<hr/>	<hr/>
Total non-current liabilities	2,147,367	2,239,797
	<hr/>	<hr/>
NET ASSETS	3,705,229	3,708,212
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Share capital	620,119	620,119
Reserves	3,085,110	3,088,093
	<hr/>	<hr/>
TOTAL EQUITY	3,705,229	3,708,212
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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 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. They have 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\$799.6 million as at 31 December 2023 and incurred a net loss of HK\$4.9 million during the year ended 31 December 2023. The Group's total bank and other borrowings amounted to HK\$2,568.6 million, of which HK\$633.6 million will be due for repayment within one year from the reporting date, while its cash and cash equivalents amounted to HK\$63.2 million as at 31 December 2023.

Within the total outstanding amount of HK\$633.6 million, which is due for repayment within one year from the reporting date, HK\$50.0 million represents a loan from the controlling shareholder, and HK\$100.0 million represents a loan from a substantial shareholder. The controlling shareholder and the substantial shareholder of the Company have confirmed in writing that they agreed not to request for repayment until 31 August 2024 and 31 March 2024, respectively. Notwithstanding that the Group has yet to obtain updated letters of financial support from the controlling shareholder and the substantial shareholder of the Company for not demanding repayment of these loans in the coming 12 months from the reporting date, the Group expects that, based on past experience, the said outstanding shareholder's loans will continue beyond the current term.

On 20 December 2023, the Group entered into an agreement pursuant to which the Group agreed to sell the entire shares of MLD Resorts Laos Limited, a wholly owned subsidiary of the Group for a total consideration of US\$39.0 million (approximately equivalent to HK\$304.2 million). The Group considers that the disposal shall strengthen the cash flow of the Group allowing the Group to enhance its liquidity, and that the Group can reallocate more financial resources to its business operation in Macau and for overall future development. As of the date of the approval of these consolidated financial statements, the aforesaid transaction has not been completed.

Notwithstanding the management's expectation and forecast as outlined above, there remains 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) a substantial shareholder of the Company has confirmed in writing not to demand repayment of certain loans in the aggregate amount of HK\$330.0 million prior to 31 March 2025 and will continue to provide financial support to the Group;
- (b) the Group will be able to obtain continual support from the controlling shareholder and a substantial shareholder of the Company by not requesting for repayment of shareholders' loans of HK\$150.0 million in aggregate;

- (c) management will take the necessary steps to complete the disposal of the Group's operation in The Lao People's Democratic Republic to strengthen cash flow for the Group's business;
- (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) with the full border normalisation since mid of 2023, and riding on the Macao government target for international visitors to pre-COVID level in 2024, the Group expects that this could lead to improved business and financial performance for the Group.

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 are satisfied that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 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 recoverable amounts, 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 new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	<i>Insurance Contracts</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>

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 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 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's 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. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (c) Amendment 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 adoption of amendments to HKAS 12 did not have any material impact on the basic and diluted loss per share attributable to ordinary equity holders of the Group, other comprehensive income and the consolidated statements of cash flows for the years ended 31 December 2023 and 2022.

- (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. 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 the Group's revenue is as follows:

	2023	2022
	HK\$'000	HK\$'000
Revenue from gaming related operations:		
Recognised over time:		
(i) from provision of gaming related facilities and gaming related general management services under the New Service Agreement and indirect participation in the gaming promotion business under the VIE Structure in respect of:		
– Mass market tables	335,663	367,352
– VIP tables*	–	82,419
– Slot machines	–	1,102
	335,663	450,873
Recognised at a point in time:		
(ii) from operation of a casino in respect of:		
– Mass market tables	36,959	20,415
– VIP tables	65,154	20,506
– Slot machines	55,357	27,325
	157,470	68,246
Total gaming revenue	493,133	519,119

* 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 effective 1 January 2023.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from non-gaming related operations:		
Recognised over time:		
Income from hotel rooms	221,054	50,422
Income from building management services	20,070	16,266
Income from provision of services under an addendum ⁽¹⁾	–	15,987
	<u>241,124</u>	<u>82,675</u>
Recognised at a point in time:		
Food and beverage	109,364	67,877
Sales of merchandise	164	1,047
Others	18,994	8,730
	<u>128,522</u>	<u>77,654</u>
For operating leases:		
Licensing income from investment properties	38,866	32,157
	<u>38,866</u>	<u>32,157</u>
Total non-gaming revenue	<u>408,512</u>	<u>192,486</u>
	<u>901,645</u>	<u>711,605</u>
Revenue from contracts with customers, timing of revenue recognition:		
– over time	576,787	533,548
– at a point in time	285,992	145,900
	<u>862,779</u>	<u>679,448</u>
Revenue from operating leases:		
– fixed lease payments	36,849	30,205
– variable lease payments	2,017	1,952
	<u>38,866</u>	<u>32,157</u>
	<u>901,645</u>	<u>711,605</u>

Note:

- (1) As the Old Service Agreement between the Group and SJM expired on 26 June 2022, on 16 June 2022, the Group signed an addendum to the Old Service Agreement 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 New Service Agreement and the Old 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 the VIE Agreements among Hong Hock, New Legend and Mr Frederick Yip, further details of which are set out in the Company’s circular dated 9 June 2014 and the VIE Structure has been terminated with effect from 1 January 2023; and 2) Casino operation in Lao PDR.

Non-gaming – operations at MFW and Savan Legend Resorts, including 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 2023

	Gaming <i>HK\$'000</i>	Non-gaming <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
External revenue	493,133	408,512	901,645	–	901,645
Intersegment revenue	<u>–</u>	<u>32,986</u>	<u>32,986</u>	<u>(32,986)</u>	<u>–</u>
Segment revenue	<u>493,133</u>	<u>441,498</u>	<u>934,631</u>	<u>(32,986)</u>	<u>901,645</u>
Segment profit/(loss)	<u>163,087</u>	<u>(306,380)</u>	<u>(143,293)</u>	<u>–</u>	<u>(143,293)</u>
<i>Reconciliation:</i>					
Unallocated depreciation and amortisation					(55,331)
Unallocated other income and corporate expenses, net					(7,379)
Finance costs					<u>(202,849)</u>
Loss before tax					<u>(408,852)</u>

Year ended 31 December 2022

	Gaming <i>HK\$'000</i>	Non-gaming <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
External revenue	519,119	192,486	711,605	–	711,605
Intersegment revenue	<u>–</u>	<u>49,929</u>	<u>49,929</u>	<u>(49,929)</u>	<u>–</u>
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>

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 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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(a) Other income		
Interest income		
– bank deposits	206	114
– financial assets at FVTPL	–	10,608
Insurance claims received	90	152
Others	<u>11,484</u>	<u>27,642</u>
	<u>11,780</u>	<u>38,516</u>
(b) Other gains and losses, net		
Loss on change in fair value of financial assets at FVTPL	–	(10,967)
Exchange losses, net	(936)	(7,633)
Loss on disposal of property and equipment	<u>(11,958)</u>	<u>(66)</u>
	<u>(12,894)</u>	<u>(18,666)</u>
	<u>(1,114)</u>	<u>19,850</u>

6. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on bank borrowings	140,948	81,510
Interest on other borrowings	51,196	10,101
Interest on lease liabilities	5,481	5,779
Amortisation of finance costs on bank borrowings and other finance costs	<u>5,224</u>	<u>12,583</u>
Total finance costs	<u>202,849</u>	<u>109,973</u>

7. LOSS BEFORE TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Staff costs		
Directors' remuneration	6,496	12,837
Other staff costs		
– salaries and other benefits	250,950	274,441
– contributions to retirement benefits schemes	3,528	3,225
Total staff costs	260,974	290,503
Reversal of allowance for inventories (included in cost of sales and services)	(390)	(3,139)
Amortisation of other intangible assets (included in cost of sales and services of HK\$1,007,000 (2022: cost of sales and services of HK\$998,000 and operating, administrative and other expenses of HK\$8,304,000))	1,007	9,302
Auditor's remuneration	4,280	4,000
Cost of inventories recognised as an expense (included in cost of sales and services)	74,499	64,435
Depreciation of investment properties	17,994	11,404
Depreciation of property and equipment	311,989	346,812
Depreciation of right-of-use assets (included in cost of sales and services of HK\$50,493,000 (2022: HK\$51,320,000) and operating, administrative and other expenses of HK\$106,000 (2022: HK\$1,224,000))	50,599	52,544
Gross licensing income from investment properties	(38,866)	(32,157)
Less: Direct operating expenses that generate licensing income from investment properties	17,994	11,404
Net licensing income from investment properties	(20,872)	(20,753)

8. INCOME TAX

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Macau complementary tax		
– current year	(770)	(376)
– over provision in prior year	<u>415,537</u>	<u>–</u>
	414,767	(376)
Lao PDR annual flat tax and income tax		
– current year	(17,165)	(72,585)
– over provision in prior year	<u>–</u>	<u>214,690</u>
	(17,165)	142,105
Cambodia complementary tax		
– current year	(177)	–
Deferred tax credit	<u>6,506</u>	<u>6,506</u>
Income tax credit	<u>403,931</u>	<u>148,235</u>

9. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year (2022: Nil).

10. LOSS PER SHARE

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

Loss

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the year for the purposes of calculation of basic loss per share	<u>(4,921)</u>	<u>(607,209)</u>

Number of shares

	2023 <i>'000</i>	2022 <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.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023 HK\$'000	2022 <i>HK\$'000</i>
Trade receivables	155,276	138,418
Less: Impairment losses	<u>(64,065)</u>	<u>(64,023)</u>
	<u>91,211</u>	<u>74,395</u>
Other receivables	82,370	87,951
Less: Impairment losses	<u>(67,131)</u>	<u>(67,133)</u>
	<u>15,239</u>	<u>20,818</u>
Deposit and prepayments	<u>17,774</u>	<u>19,185</u>
Total trade and other receivables, deposits and prepayments	<u>124,224</u>	<u>114,398</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:

	2023 HK\$'000	2022 <i>HK\$'000</i>
Within 3 months	72,152	50,178
Over 3 months but within 6 months	636	17,090
Over 6 months but within 1 year	13,423	2,127
Over 1 year	<u>5,000</u>	<u>5,000</u>
	<u>91,211</u>	<u>74,395</u>

12. TRADE AND OTHER PAYABLES

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	39,445	25,392
Construction and retention payables	16,883	17,379
Other payables	100,932	90,564
Deposit received for disposal of a subsidiary	78,153	–
Deposits received from tenants	25,222	22,907
Deposits received from gaming promoters	1,211	1,103
Accrued staff costs	67,907	30,562
Other sundry accruals	38,158	30,955
	<hr/>	<hr/>
Total trade and other payables	367,911	218,862
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The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 3 months	38,851	24,589
Over 3 months but within 6 months	535	803
Over 1 year	59	–
	<hr/>	<hr/>
	39,445	25,392
	<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 2023.

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 2023, 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 material accounting policy information.

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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) 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\$4.9 million during the year ended 31 December 2023 and, as of that date, the Group’s net current liabilities were approximately HK\$799.6 million. This condition, along with other matters as set forth in note 2.1, indicates 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 2023, the Group achieved a total reported revenue of approximately HK\$901.6 million, representing an increase of approximately HK\$190.0 million or approximately 26.7% over that of the last corresponding year of approximately HK\$711.6 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 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 year ended 31 December			For the year ended 31 December			For the year ended 31 December		
	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	3,855,292	1,021,249	277.5	N/A	N/A	N/A	-	40,570	N/A
Turnover	N/A	N/A	N/A	-	4,178,336	N/A	N/A	N/A	N/A
Net win	607,674	164,388	269.7	-	158,756	N/A	-	2,755	N/A
Hold rate	15.76%	16.10%	(0.3)	-	3.80%	N/A	-	6.79%	N/A
Average number of tables/slot machines	33	58	(43.1)	-	14	N/A	-	36	N/A
Net win per table/slot machine per day	51	16	218.8	-	32	N/A	-	0.44	N/A
Reported revenue	335,663	93,594	258.6	-	74,359	N/A	-	1,102	N/A
No. of gaming tables/slot machines in operation as at year end	33	-	100.0	-	-	-	-	-	-

Babylon Casino⁽²⁾

	Mass Market Tables			VIP Tables ⁽¹⁾		
	For the year ended 31 December			For the year ended 31 December		
	2023	2022	change	2023	2022	change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Games drop	–	507,528	N/A	N/A	N/A	N/A
Turnover	N/A	N/A	N/A	–	626,345	N/A
Net win	–	67,840	N/A	–	14,603	N/A
Hold rate	–	13.37%	N/A	–	2.33%	N/A
Average number of tables	–	25	N/A	–	9	N/A
Net win per table per day	–	15	N/A	–	9	N/A
Reported revenue	–	38,355	N/A	–	7,970	N/A
No. of gaming tables in operation as at year end	–	–	–	–	–	–

Landmark Casino⁽³⁾

	Mass Market Tables			VIP Tables ⁽¹⁾		
	For the year ended 31 December			For the year ended 31 December		
	2023	2022	change	2023	2022	change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Games drop	–	1,824,398	N/A	N/A	N/A	N/A
Turnover	N/A	N/A	N/A	–	775,000	N/A
Net win	–	428,006	N/A	–	4,541	N/A
Hold rate	–	23.46%	N/A	–	0.59%	N/A
Average number of tables	–	75	N/A	–	3	N/A
Net win per table per day	–	32	N/A	–	9	N/A
Reported revenue	–	235,403	N/A	–	90	N/A
No. of gaming tables in operation as at year end	–	–	–	–	–	–

Savan Legend Casino⁽⁴⁾

	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		
	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	144,641	98,508	46.8	N/A	N/A	N/A	1,448,499	691,517	109.5
Turnover	N/A	N/A	N/A	2,945,859	1,435,241	105.3	N/A	N/A	N/A
Net win	37,312	26,095	43.0	105,038	40,624	158.6	55,303	28,089	96.9
Hold rate	25.80%	26.49%	(0.7)	3.57%	2.83%	0.7	3.82%	4.06%	(0.2)
Average number of tables/slot machines	20	10	100	15	17	(11.8)	291	178	63.5
Net win per table/slot machine per day	5.2	9	(42.2)	18.8	6	213.3	0.95	0.5	90.0
Reported revenue	36,959	20,415	81.0	65,154	20,506	217.7	55,357	27,325	102.6
No. of gaming tables/slot machines in operation as at year end	22	16	37.5	20	16	25.0	327	275	18.9
							2023	2022	
							HK\$'000	HK\$'000	
Total reported revenue for gaming services									
Mass Market Tables							372,622	387,767	
VIP Tables ⁽¹⁾							65,154	102,925	
Slot Machines							55,357	28,427	
							493,133	519,119	

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 was terminated since 1 January 2023, and hence, there is no reported revenue generated for the year ended 31 December 2023.
- (2) Babylon Casino has ceased operations since 1 January 2023, and hence, there is no reported revenue generated for the year ended 31 December 2023.
- (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 for the year ended 31 December 2023.
- (4) The amounts include the operating statistics of the Thakhek slot club.

For the year ended 31 December 2023, gaming revenue of the Group decreased slightly by approximately HK\$26.0 million or approximately 5.0% when compared to the last corresponding year. Despite the fact that the contractual relationship with New Legend, the operation of Babylon

Casino and the provision of services in Landmark Casino had all been terminated with no reported revenue generated for the year ended 31 December 2023, causing a decrease in total gaming revenue by approximately HK\$356.2 million, the improvements observed in the mass market tables operation in the Legend Palace Casino with full year operation and the overall gaming operation in Savan Legend Casino managed to gain back the total gaming revenue by approximately HK\$331.3 million.

As at 31 December 2023, the Group had a total of 33 gaming tables in Macau (31 December 2022: Nil), of which 33 (31 December 2022: Nil) were put into operation. The Group had 22 mass market tables (31 December 2022: 16) and 20 VIP tables (31 December 2022: 16) which were put into operation in the Lao PDR.

B. Non-gaming Operations

For the year ended 31 December 2023, the Group recorded a total non-gaming revenue of approximately HK\$408.5 million, representing an increase of approximately HK\$216.0 million or approximately 112.2% over that of the last corresponding year of approximately HK\$192.5 million.

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

	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	218,570	2,484	221,054	49,677	745	50,422
Licensing income from investment properties	38,866	–	38,866	32,157	–	32,157
Income from provision of services under an addendum	–	–	–	15,987	–	15,987
Income from building management services	20,070	–	20,070	16,266	–	16,266
Food and beverage	107,385	1,979	109,364	67,043	834	67,877
Sales of merchandise	164	–	164	1,044	3	1,047
Others	18,938	56	18,994	8,699	31	8,730
Total revenue from non- gaming operations	<u>403,993</u>	<u>4,519</u>	<u>408,512</u>	<u>190,873</u>	<u>1,613</u>	<u>192,486</u>

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, causing significant increases in both the occupancy rates and the average room rates.

The following table sets out certain key operational data on our major hotel operations of the Group for the years ended 31 December 2023 and 31 December 2022:

	2023		2022	
	Legend Palace Hotel	Harbourview Hotel	Legend Palace Hotel	Harbourview Hotel
Occupancy rate (%)	89.7	93.6	60.2	69.6
ADR (HK\$)	1,043	867	580	291
REVPAR (HK\$)	935	812	350	202

Adjusted EBITDA

Adjusted EBITDA for the year ended 31 December 2023 recorded a profit of approximately HK\$185.9 million, representing an improvement of approximately HK\$404.7 million as compared with the last corresponding year which incurred a loss of approximately HK\$218.8 million. The following table reconciles the Adjusted EBITDA to the profit/(loss) attributable to owners of the Company:

	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	(13,171)	8,250	(4,921)	(758,053)	150,844	(607,209)
Adjustments for:						
Finance costs	170,562	32,287	202,849	105,696	4,277	109,973
Depreciation of investment properties	17,994	-	17,994	11,404	-	11,404
Depreciation of property and equipment	292,077	19,912	311,989	333,032	13,780	346,812
Depreciation of right-of-use assets	45,040	5,559	50,599	47,034	5,510	52,544
Amortisation of other intangible assets	-	1,007	1,007	8,303	999	9,302
Loss/(gain) on disposal of property and equipment	12,035	(77)	11,958	126	(60)	66
Impairment losses on financial assets, net	(138)	188	50	1,546	46	1,592
Unrealized exchange (gain)/loss	(4)	(260)	(264)	-	8,066	8,066
Share of results of an associate	-	-	-	7,084	-	7,084
Interest income	(135)	(71)	(206)	(10,678)	(44)	(10,722)
Reversal of write down of inventories to net realizable value	(390)	-	(390)	(3,139)	-	(3,139)
Loss on change in fair value of financial assets at FVTPL	-	-	-	10,967	-	10,967
Compensation income	(90)	-	(90)	(152)	-	(152)
Income tax (credit)/expenses	(421,096)	17,165	(403,931)	(6,129)	(142,106)	(148,235)
Other	(788)	-	(788)	(7,105)	-	(7,105)
Adjusted EBITDA	<u>101,896</u>	<u>83,960</u>	<u>185,856</u>	<u>(260,064)</u>	<u>41,312</u>	<u>(218,752)</u>

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

	2023			2022		
	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	94,856	132,358	227,214	(51,284)	56,293	5,009
Non-gaming operations	14,428	(48,398)	(33,970)	(195,670)	(14,981)	(210,651)
Sub-total	109,284	83,960	193,244	(246,954)	41,312	(205,642)
Unallocated corporate expenses ⁽¹⁾	(7,388)	-	(7,388)	(13,110)	-	(13,110)
Adjusted EBITDA	<u>101,896</u>	<u>83,960</u>	<u>185,856</u>	<u>(260,064)</u>	<u>41,312</u>	<u>(218,752)</u>

Remarks:

(1) The amounts represented the unallocated corporate expenses, offsetting with its intersegment 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 2023 was a profit of approximately HK\$101.9 million, as compared to the last corresponding year which incurred a loss of approximately HK\$260.1 million, representing an improvement of approximately HK\$362.0 million.

Adjusted EBITDA of Savan Legend increased by approximately HK\$42.7 million to a profit of approximately HK\$84.0 million for the year ended 31 December 2023 when compared to the last corresponding year.

The Group's loss for the year ended 31 December 2023 was approximately HK\$4.9 million, as compared to the loss of approximately HK\$607.2 million in the last corresponding year. This significant improvement of approximately HK\$602.3 million was mainly due to the increase in revenue by approximately HK\$190.0 million accompanied by a decrease in cost of sales and services by approximately HK\$305.6 million. 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.

Dividend

The Board will not declare any final dividend for the year ended 31 December 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 year of 2023 increased to 2.35 million from 0.48 million for the year of 2022, which reached 71.6% of the level for the year 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\$51.3 million incurred in 2022 to a profit of HK\$94.9 million generated in 2023. The Group will continue to improve its service quality to stabilize the profit and to aim at growing steadily.

For the non-gaming operations in Macau, benefiting from the surge in visitation, revenue in 2023 increased by 111.7% as compared with 2022. The Adjusted EBITDA of these operations also improved from a loss of HK\$195.7 million incurred in 2022 to a profit of HK\$14.4 million generated in 2023. More challenges and competition are expected to be faced in year 2024, and the Group will step up its efforts on the following aspects: (i) talent recruitment and upgrade of technology and automation to yield higher productivity; (ii) utilization and branding of the waterfront integrated attraction to offer exclusive experience in dining and sports events; (iii) upgrade of hardware and services to develop into a dream-wedding venue; and (iv) upgrade of property and equipment to host large-scale events such as the annual Lunar New Year float parade, food festival, mini-concert and other cultural events.

In terms of overseas business, 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; MLD Laos entered into a sales and purchase agreement with a purchaser on 20 December 2023, pursuant to which MLD Laos agreed to sell the entire equity interest in MLD Resorts Laos Limited, which in turn wholly owns Savan Legend (the Company's operation in Lao PDR), at the initial consideration of US\$39,000,000 subject to adjustment. For further details, please refer to the announcement of the Company dated 20 December 2023.

Going forward, the Group remains optimistic and through the above strategies, further equip to seize opportunities and overcome challenges in the coming years.

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 2023, the consolidated net assets attributable to owners of the Company amounted to approximately HK\$3,705.2 million, representing a decrease of approximately HK\$3.0 million from approximately HK\$3,708.2 million as at 31 December 2022. The decrease in consolidated net assets during the year ended 31 December 2023 was mainly due to the Group's loss for the year of approximately HK\$4.9 million.

Cash and bank balances

As at 31 December 2023, cash and bank balances held by the Group amounted to approximately HK\$63.2 million (excluding 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 2023, the Group had outstanding (i) secured and guaranteed bank borrowings of approximately HK\$2,103.6 million, and (ii) unsecured, unguaranteed and interest bearing other borrowings of HK\$465.0 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 maturity profile of the bank borrowings and other borrowings totalling HK\$2,568.6 million as at 31 December 2023 spread over a period of four years, with HK\$633.6 million repayable within one year, HK\$249.4 million in the second year and HK\$1,685.6 million in the third to fourth years. The Group's bank borrowings and other borrowings were denominated in HK\$.

Charge on the Group's Assets

As at 31 December 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\$446.8 million (31 December 2022: approximately HK\$464.8 million), buildings with a total carrying amount of approximately HK\$3,555.2 million (31 December 2022: approximately HK\$3,687.4 million), right-of-use assets with a total carrying amount of approximately HK\$1,067.9 million (31 December 2022: approximately HK\$1,110.2 million), trade receivables of approximately HK\$69.0 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: HK\$1.6 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 2023, the Group's net gearing ratio was 67.6% (31 December 2022: 66.6%).

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 2023.

Employees and Remuneration Policies

As at 31 December 2023, the Group had a total of approximately 2,273 (2022: 1,966) employees, including 293 (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, 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 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 separate 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 ANNUAL RESULTS

The Group's consolidated financial statements for the year ended 31 December 2023 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 2023 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 final draft consolidated financial statements for the year. The work performed by Messrs. Ernst & Young in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion 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
“CG Code”	the Corporate Governance Code contained in Appendix C1 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 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
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Lao PDR”	the Lao People’s Democratic Republic
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“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
“MLD Laos”	MLD Laos Holdings Company Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands
“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
“Old 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
“PRC” or “China”	the People’s Republic of China, for the sole purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“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, 28 March 2024

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*