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 澳門勵駿創建有限公司
Macau Legend Development Ltd
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澳門勵駿創建有限公司*

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 01680)

**CLARIFICATION ANNOUNCEMENT
IN RELATION TO CHANGE OF AUDITOR**

Reference is made to the announcement of the Company dated 1 December 2025 in relation to the change of auditor (the “**Announcement**”). Unless otherwise stated, terms used herein shall have the same meanings as those defined in the Announcement.

The Company would like to clarify that, the Company received the signed resignation letter from EY on 1 December 2025, after the Board communicated with EY on its decision to change auditor because EY cannot reach consensus on the audit fee with the Company after the Company requested a reduction in the audit fee as part of its ongoing cost control measures and in light of more competitive quotes offered by other audit firms. Accordingly, the Board considered the resignation of EY as auditor was by mutual agreement of both the Company and EY.

MAJOR FACTORS UNDERLYING THE DIFFERENT FEES BETWEEN BAKER TILLY AND EY

The major factors behind the fee differences stem from Baker Tilly’s commercial approach, which aligns with the Company’s cost-saving objectives, as well as their ability to offer lower fee due to a lower cost structure and different operating models compared to Big Four firms, in particular EY which, to the best information and belief of the management of the Company, include a premium reflecting its long-standing market presence. Indeed, the estimated audit hours for the audit work for the financial year ended 31 December 2025 (“**FY2025**”) were also expected to be lower than the audit work for the financial year ended 31 December 2024, primarily due to, among other things, (i) the reduction of scope of audit work as a result of reclassification of the Group’s gaming segment as discontinued operation and the disposal of the operation in Laos; (ii) the limited audit scope for the investment project in Cape Verde as a result of minimal operation during FY2025. Such anticipated reduction in audit hours also provided a basis for Baker Tilly to offer a reduced fee proposal, further reinforcing their cost advantage.

AUDIT COMMITTEE'S VIEW ON THE APPOINTMENT OF BAKER TILLY

The audit committee of the Company (the “**Audit Committee**”) considered that the audit fee offered by Baker Tilly, the auditor for the Company’s 2025 audit, is reasonable and that it is commensurate with the audit work required. Further, the Audit Committee was of the view that audit quality would not be compromised due to the reduced fees for the following reasons:

- the audit scope for the audit of FY2025 decreased due to (i) the Group’s disposal of its operations in Laos in May 2024; and (ii) the Group’s gaming segment having been classified as a discontinued operation with decreased business volume;
- having discussed with Baker Tilly in respect of their audit plan, the key audit areas identified remain consistent with those previously identified by EY and the audit approach adopted by Baker Tilly adheres to applicable regulations and standards;
- the audit timeline proposed by Baker Tilly does not differ significantly from the schedule followed in prior years for the annual audit and does not indicate any unusual delays or abnormal durations. The work schedule was considered to be reasonable and practicably feasible;
- Baker Tilly’s proposed manpower is similar to the resources previously assigned by EY with a team of comparable size and grade level;
- the reduced fee provided by Baker Tilly reflected a commitment to forming a long-term cooperation with the Group as a commercial approach rather than any reduction in audit quality, and was attributable to their lower cost structure, allowing them to align with the Company’s cost-saving objectives. It was determined based on their understanding of the Group’s current circumstance, specifically the reduced scale of operation and that there was no contentious audit issues previously identified in prior period, whereby it was considered that the associated workload shall be manageable and the proposed fee was positioned at a reasonable market rate for mid-tier tourism enterprise; and
- Baker Tilly’s scale, long-standing history, market reputation and industry experience and the team assigned by Baker Tilly would be capable of performing high-quality audit having considered that (i) the team members assigned have extensive experience in auditing listed companies, particularly listed companies with interests in satellite casinos and operations in Macau whose business nature and structure are similar to the Group; and (ii) certain members assigned were involved in the Company’s previous listing application, enabling them to have solid understanding of the Company’s business operations, financial reporting, accounting processes and the accounting practices suitable for the industry in which the Group operates in.

For further details of the audit plan of Baker Tilly, please refer to the section headed “Details of the Proposed Audit Plan of Baker Tilly” in this announcement.

The Audit Committee has considered section 2 of the Guidelines for Effective Audit Committees – Selection, Appointment and Reappointment of Auditors and Guidance Notes on Change of Auditors issued by Accounting and Financial Reporting Council, and is satisfied that Baker Tilly is independent, competent and capable to perform high quality audit after taking into consideration the following factors:

- ***Compliance with relevant ethical requirements:*** to the best knowledge, belief and information of the Company, as confirmed by Baker Tilly after conducting their new client acceptance procedures and the independent conflict checks, Baker Tilly was satisfied of its independence with the Group in accordance with the relevant independence requirements for audit engagements, including Part 4A of Chapter A “Independence for Audit and Review Engagements” of the Code of Ethics for Professional Accountants;
- ***Industry knowledge and technical competence:*** to the best knowledge, belief and information of the Company, based on interviews conducted by the Audit Committee with Baker Tilly and as noted in Baker Tilly’s service proposal, Baker Tilly consisted of a team of professionals with various experience and expertise in providing audit services for Hong Kong listed companies, including extensive industry knowledge and appropriate technical competence in companies with similar revenue recognition approach as demonstrated by their respective track records. In addition to the leading team from Hong Kong, Baker Tilly will include staff from its Macau Team to assist with the audit work. The Audit Committee was therefore of the view that the anticipated manpower is sufficient and commensurate with the extent of the audit work required;
- ***Governance and leadership:*** Baker Tilly is a public interest entity (“**PIE**”) registered with the Hong Kong Institute of Certified Public Accountants as a Registered PIE Auditor. Based on the information provided by Baker Tilly, it is one of the top ten accounting firms in the world led by directors and managers with extensive audit experience, strong technical experience and industry-specific expertise in auditing listed companies with shareholding in entities operating a satellite casino in Macau. The firm operates under a clear hierarchical structure comprising directors, managers and audit staff, with well defined roles, responsibilities and reporting lines to support the consistent delivery of high quality audit services.

The team assigned by Baker Tilly is led by an engagement director who has extensive professional expertise, with over 23 years in audit assurance practice. She possesses in-depth knowledge of auditing standards, financial reporting requirements, and the Listing Rules, enabling her to uphold accountability for audit quality across all directors, managers, and audit staff, as well as to monitor whether personnel consistently exercise professional scepticism and comply with ethical requirements.

The Audit Committee has reviewed Baker Tilly’s organisation structure and is satisfied that they establish clear reporting lines, effective delegation of authority and robust accountability mechanism. These governance arrangements, together with appropriate independence safeguards and adequate audit resources, enable Baker Tilly to perform its audit function effectively and in a manner that serves the public interest;

- ***Audit inspection results and regulatory outcome:*** As confirmed by Baker Tilly’s Accounting and Financial Reporting Council inspection results, Baker Tilly has received acceptable assessments. These results demonstrate the firm’s adherence to professional standards and reduce the risk of deficiencies that could otherwise compromise the quality of the audit work;
- ***Communication plan with the Audit Committee and audit scope:*** Baker Tilly had developed their audit scope and plan based on the information provided by the management of the Company and had commenced their planning work accordingly. On 17 December 2025, Baker Tilly had an audit planning meeting with the Audit Committee to explain the key audit focus areas and the proposed audit work to be performed. The engagement is set to continue until the end of March 2026 and, based on the audit timetable and the discussion at the meeting, the Audit Committee was of the view that Baker Tilly is capable to allocate sufficient resources to ensure all audit procedures will be completed in a timely manner; and
- ***Resources:*** the Company has furnished Baker Tilly with all relevant information that the Audit Committee deemed sufficient to enable Baker Tilly to obtain a thorough understanding of the Group’s status and Baker Tilly is committed to reserve necessary manpower and resources for the audit work based on the information provided by the Company.

As part of the monitoring process and in reaching the conclusion, the Audit Committee has performed the following work:

- discussed with EY and management of the Company on the underlying reason for the resignation of EY;
- conducted interview with Baker Tilly to assess how they ensure audit quality and their audit proposal;
- reviewed the audit plan proposed by Baker Tilly and conducted audit meeting with them to discuss key audit issue and their audit approach; and
- evaluated the experience of the relevant staff member of Baker Tilly.

DETAILS OF THE PROPOSED AUDIT PLAN OF BAKER TILLY

Set out below is Baker Tilly’s proposed audit plan for the 2025 audit:

1. Pre-Engagement Meeting and Background Review

Before commencing the audit, Baker Tilly held a meeting with the Company to understand the reasons for the prior year’s disclaimer opinion on the annual report. During this session, Baker Tilly also received a briefing on the background and current operations of the Group to ensure they have a comprehensive understanding of the business environment.

2. Understanding Key Audit Matters and Key Focus Audit Matters

Baker Tilly has identified and assessed the key audit matters and key focus audit matters relevant to this engagement, which will enable risk assessment and develop appropriate audit procedures. From their experience and assessment, the following areas will be the potential key audit matters and key focus audit matters relevant to their upcoming audit: impairment assessment of non-current non-financial assets in Macau; loss allowances for expected credit loss of trade receivables; revenue recognition; management override of controls and going concern.

The follow set out briefly the audit approach for such key audit matters:

- ***Impairment assessment of non-current non-financial assets in Macau:*** Focus on understanding management’s control and assessment process for identifying impairment indicators and estimating recoverable amounts, evaluating the identification of CGUs and allocation of assets, assessing the appropriateness of key assumptions in discounted cash flow forecasts with reference to historical performance and approved budgets, assessing the reasonableness of discount rates, testing the mathematical accuracy of impairment provisions, evaluating the external valuer’s competence and objectivity, and reviewing prior-year assumptions for opening balances.
- ***Loss allowances for expected credit loss of trade receivables:*** Focus on understanding management’s ECL estimation process, evaluating the external valuer’s competence and objectivity, assessing the methodologies and key assumptions used, reviewing management’s identification of credit-impaired receivables, testing loss allowances against ageing analysis, settlement records, and forward-looking information, recalculating the ECL provisions, and confirming prior-year opening assumptions.
- ***Revenue recognition:*** Focus on assessing the design and implementation of internal controls over sales transaction recognition for HKFRS compliance, perform substantive testing on gaming and non-gaming revenue, obtain management’s understanding of revenue fluctuations and industry trends, conduct analytical review of fluctuations with management, and arrange confirmations with gaming operator SJM to verify balances and transactions against monthly statements.
- ***Management override of controls:*** Focus on testing the appropriateness of journal entries and other adjustments on selected entries from period-end and throughout the period, inquiring about unusual activity and reviewing accounting estimates for management bias, evaluating whether judgments indicate possible fraud risk, performing a retrospective review of prior-year significant estimates and assumptions, and evaluate business rationale of significant transactions.
- ***Going concern:*** Focus on assessing the Group’s going concern assumption by evaluating management’s cash flow forecast and its underlying assumptions, performing sensitivity analysis, reviewing fundraising documents and restructuring plans, testing covenant compliance and confirming the reasonableness of prior-year opening balances.

3. Regulatory Framework and Resource Consideration

Audit approach is designed by Baker Tilly in accordance with (1) HKSA 300 – Planning an Audit of Financial Statements; (2) HKSA 220 (Revised) – Quality Management for an Audit of Financial Statements; (3) HKSA 315 (Revised) – Identifying and Assessing the Risk of Material Misstatements; and (4) HKSA 330 – The Auditor’s Responses to Assessed Risks.

In line with these standards, Baker Tilly has considered the size and complexity of the Company’s operations when allocating resources to ensure the audit work is conducted effectively and efficiently.

4. Industry Experience and Resource Capability

Baker Tilly’s audit team has extensive experience in auditing companies within the same industry and of similar size. This experience provides them with strong knowledge of the business environment and the resources required to perform the audit. This also helps them to reliably assess the manpower required to perform the audit work.

In particular, the team assigned to this engagement consists of 10 members ranking from audit executive director with over 23 years of experience in audit assurance and financial advisory practice, technical support director, audit senior manager, audit assistant manager, senior associates to associates.

Engagement quality review will also be carried out by an experienced audit director in accordance with HKSQM 2 “Engagement Quality Reviews”.

5. Planning Timeline and Resource Delegation

Baker Tilly commenced planning activities in December 2025 and would continue working on the engagement through end of March 2026. In particular, it was expected that the substantive procedures (including but not limited to stock take and site visit, and evaluation of audit evidence) would be conducted from January 2026 to March 2026, and audit meeting would be held in mid-March 2026. Resources have been delegated appropriately to meet this timeline and ensure timely completion of all audit procedures.

6. Work Scope and Hours Allocation

Baker Tilly has assessed the scope of work required for the FY2025 audit and allocated sufficient audit staff, amounting to over 3,000 man-hours, for the engagement. This allocation ensures that sufficient workforce and expertise are dedicated to delivering a robust and compliant audit.

Based on the above, the Audit Committee is of the view that Baker Tilly's audit fee and its proposed audit plan is reasonable for Baker Tilly to complete all the necessary audit procedures without compromising the audit quality and Baker Tilly's committed resources are adequate to achieve the proposed audit timetable.

The Audit Committee members in this announcement refer to the members at the material time.

This clarification announcement is supplemental to and should be read in conjunction with the Announcement. Save as disclosed above, all other information and contents in the Announcement remain unchanged.

By Order of the Board
Macau Legend Development Limited
Li Chu Kwan

Chairman, executive Director and chief executive officer

Hong Kong, 20 May 2026

As at the date of this announcement, the executive Directors are Mr Li Chu Kwan and Ms Lam Shu Yan; 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 Mak Ka Wing, Patrick, Ms Ma Cheuk Ling and Ms Pong Joanne Chiu Yan.

* *for identification purposes only*