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 2017

RESULTS

The Board announces the unaudited consolidated interim results of the Group for the six months ended 30 June 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	*(unaudited)*
REVENUE	*3*	**855,902**	666,022
Cost of sales and services		**(612,764)**	(526,245)
		243,138	139,777
Other income, gains and losses		**3,105**	19,937
Marketing and promotional expenses		**(90,023)**	(79,789)
Operating, administrative and other expenses		**(306,140)**	(235,061)
Finance costs	*5*	**(42,158)**	(22,643)
LOSS BEFORE TAXATION	*6*	**(192,078)**	(177,779)
Taxation (charge) credit	*7*	**(36,474)**	2,490
LOSS FOR THE PERIOD		**(228,552)**	(175,289)

* *for identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017	2016
		HK$'000	*HK$'000*
		(unaudited)	*(unaudited)*
Other comprehensive income (expense):			
Item that may be reclassified subsequently to profit or loss:			
— exchange differences arising on translation of foreign operations		**29,894**	(18)
Other comprehensive income (expense) for the period		**29,894**	(18)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD		**(198,658)**	(175,307)
Loss per Share	*9*		
Basic (HK cents)		**(3.7)**	(2.8)
Diluted (HK cents)		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Notes	At 30 June 2017 HK$'000 (unaudited)	At 31 December 2016 HK$'000 (audited)
NON-CURRENT ASSETS			
Investment properties	*10*	**436,314**	358,287
Property and equipment	*10*	**7,284,975**	6,541,742
Prepaid lease payments		**1,702,393**	1,728,821
Goodwill		**681,986**	681,986
Other intangible assets		**300,718**	314,704
Deposits paid	*11*	**749,590**	847,936
		11,155,976	10,473,476
CURRENT ASSETS			
Inventories		**46,100**	44,687
Prepaid lease payments		**54,435**	54,416
Trade and other receivables	*12*	**474,071**	466,788
Pledged bank deposits		**6,525**	21,088
Bank balances and cash		**124,563**	207,878
		705,694	794,857
CURRENT LIABILITIES			
Trade and other payables	*13*	**1,456,252**	949,516
Taxation		**825**	1,650
Bank and other borrowings — due within one year	*14*	**1,244,744**	1,042,932
		2,701,821	1,994,098
NET CURRENT LIABILITIES		**(1,996,127)**	(1,199,241)
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,159,849**	9,274,235

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 30 June 2017

	Notes	At 30 June 2017 HK$'000 (unaudited)	At 31 December 2016 HK$'000 (audited)
NON-CURRENT LIABILITIES			
Bank borrowings — due after one year	*14*	**1,815,526**	2,410,235
Loans from a shareholder	*15*	**682,234**	—
Deferred tax liabilities		**168,323**	171,576
		2,666,083	2,581,811
NET ASSETS		**6,493,766**	6,692,424
CAPITAL AND RESERVES			
Share capital		**626,758**	626,758
Reserves		**5,867,008**	6,065,666
Equity attributable to owners of the Company		**6,493,766**	6,692,424

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 5 October 2006 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its Shares are listed on the Main Board of the Stock Exchange. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company in Macau is Palace Building, Macau Fisherman's Wharf, Avenida da Amizade e Avenida da Dr. Sun Yat Sen, Macau.

The Group is one of the leading owners of entertainment and casino gaming facilities in Macau. The Group currently has two major properties, The Landmark Macau and MFW. The Landmark Macau is an award-winning integrated hotel, casino and luxury shopping complex, featuring a five-star hotel and Macau's first themed casino. MFW is a waterfront integrated gaming, hotel, convention and entertainment complex located on the outer harbour of the Macau Peninsula. In 2015, the Group entered into agreements with the Government of Cape Verde and commenced to develop an integrated leisure, tourism and entertainment complex in Praia, the capital city of Cape Verde. In 2016, the Group entered into agreements with the Government of Lao PDR and acquired the Business Operation.

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA as well as with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

The condensed consolidated financial statements are presented in HK$, which is also the functional currency of the Group.

In preparing the Group's condensed consolidated financial statements, the Directors have careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately HK$1,996,127,000, and the Group has commitments of approximately HK$225,550,000 as at 30 June 2017. The Directors have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 30 June 2017 and are of the opinion that the Group will have sufficient working capital to meet its financial obligations that will be due in the coming twelve months from 30 June 2017 on the basis that:

(i) Subsequent to 30 June 2017, the Group has entered into a long-term loan facility agreement amounting to HK$100,000,000 with a controlling shareholder of the Company to provide additional financing to the Group which has been fully drawn down by the Group in July 2017.

(ii) The fair value of the Group's investment properties together with the leasehold interest in land included in the Group's prepaid lease payments as at 31 December 2016, which had been arrived based on an estimation carried out by management, amounted to HK$3,181,000,000. At 30 June 2017, the Directors considered that the amount of the fair value of the Group's investment properties did not differ significantly from that which would be determined using fair values at 31 December 2016. In addition, the Group has been approached by and is currently in negotiation with interested buyers on the potential disposal of The Landmark Macau and the management remains positive on disposal. In the opinion of the Directors, cash inflows for the Group can be generated from future sales of properties including, but not limited to, The Landmark Macau when necessary.

(iii) The Group has been negotiating with banks for matters in relation to long-term re-financing. The Directors are of the opinion that there are good track records and relationship with banks which would enhance the Group's ability on re-financing its borrowing facilities.

Based on the aforesaid factors and together with the undertaking from controlling and substantial shareholders to provide financial support when necessary, the Directors are satisfied that the Group will have sufficient financial resources to meet in full its financial obligations as and when they fall due for the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and methods of computations used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs and Hong Kong Accounting Standards ("HKASs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS7	Disclosure initiative
Amendments to HKAS12	Recognition of deferred tax assets for unrealised losses
Amendments to HKFRS12	As part of the annual improvements to HKFRSs 2014–2016 cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE

Revenue mainly represents the amounts received and receivable for goods sold and services rendered by the Group to outside customers, less discounts. An analysis of the Group's revenue during the period is as follows:

	Six months ended 30 June	
	2017	2016
	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 Service Agreement and indirect participation in the gaming promotion business under VIE Structure in respect of:		
— Mass market tables	**373,483**	326,235
— VIP tables*	**72,102**	88,707
— Slot machines	**7,297**	4,505
(ii) from operation of casino in respect of:		
— Mass market tables	**53,116**	—
— VIP tables	**8,537**	—
— Slot machines	**48,644**	—
	563,179	419,447
Revenue from non-gaming related operations:		
— Rental income from hotel rooms	**122,998**	89,167
— Licensing income from investment properties	**51,951**	62,166
— Income from building management services	**31,651**	28,445
— Food and beverage	**76,742**	56,323
— Sales of merchandise	**7,182**	7,514
— Others	**2,199**	2,960
	292,723	246,575
	855,902	666,022

* The amount includes outsourced VIP tables and indirect participation in the gaming promotion business in Macau through New Legend under VIE Structure

4. SEGMENT INFORMATION

The executive Directors have been identified as the chief operating decision makers. The executive Directors review the Group's internal reports in order to assess performance and allocate resources.

For 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 casino, 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 chosen to organise the Group around differences in products and services. The principal activities of the operating and reportable segments are as follows:

Gaming — 1) Gaming related services for mass market tables, VIP tables and slot machines under the Service Agreement, 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 gaming tables in VIP rooms operated by a subsidiary, New Legend, under the VIE Structure; and 2) Casino operation in Lao PDR.

Non-gaming — operations at The Landmark Macau, MFW and the Business Operation, 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 2017 (unaudited):

	Gaming *HK$'000*	**Non-gaming** *HK$'000*	**Segment total** *HK$'000*	**Elimination** *HK$'000*	**Consolidated** *HK$'000*
External revenue	563,179	292,723	855,902	—	855,902
Inter-segment revenue	—	101,918	101,918	(101,918)	—
Segment revenue	563,179	394,641	957,820	(101,918)	855,902
Segment profit (loss)	27,715	(90,078)	(62,363)	—	(62,363)
Unallocated depreciation, release of prepaid lease payments and amortisation					(51,778)
Unallocated corporate expenses					(36,323)
Unallocated exchange gain, net					544
Finance costs					(42,158)
Loss before taxation					(192,078)

For the six months ended 30 June 2016 (unaudited):

	Gaming *HK$'000*	Non-gaming *HK$'000*	Segment total *HK$'000*	Elimination *HK$'000*	Consolidated *HK$'000*
External revenue	419,447	246,575	666,022	—	666,022
Inter-segment revenue	—	36,876	36,876	(36,876)	—
Segment revenue	419,447	283,451	702,898	(36,876)	666,022
Segment profit (loss)	7,950	(63,788)	(55,838)	—	(55,838)
Unallocated depreciation, release of prepaid lease payments and amortisation					(50,301)
Unallocated corporate expenses					(49,210)
Unallocated exchange gain, net					213
Finance costs					(22,643)
Loss before taxation					(177,779)

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the results of each segment without allocation of depreciation of investment properties and property and equipment, release of prepaid lease payments arising from the fair value adjustments on acquisition of MFW Group, amortisation of other intangible assets, expenses relating to unallocated common area in MFW, corporate expenses, net exchange difference and finance costs. 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

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Interest on bank borrowings	**53,845**	57,435
Interest on loans from a shareholder	**13,530**	—
Amortisation of finance costs on bank borrowings	**8,103**	10,463
Other finance costs	**1,380**	1,250
Total borrowing costs	**76,858**	69,148
Less: Capitalised borrowing costs in construction in progress (included in property and equipment)	**(34,700)**	(46,505)
	42,158	22,643

Borrowing costs capitalised during the period arose from the general borrowing pool and are calculated by applying a capitalisation rate of approximately 4.0% (six months ended 30 June 2016: 3.5%) per annum to expenditure on qualifying assets.

6. LOSS BEFORE TAXATION

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Loss before taxation has been arrived at after charging (crediting):		
Allowance (reversal of allowance) for inventories	**291**	(58)
Amortisation of other intangible assets	**17,419**	16,584
Cost of inventories recognised as an expense (included in cost of sales and services)	**40,273**	25,884
Depreciation of investment properties	**5,936**	5,936
Depreciation of property and equipment	**151,439**	126,558
Interest income	**(63)**	(16,847)
Loss on disposal of property and equipment	**13**	43
Operating lease rentals in respect of leasehold land and buildings	**3,627**	2,383
Release of prepaid lease payments	**27,219**	27,021
Unrealised exchange loss (gain), net	**364**	(213)
Gross licensing income from investment properties	**(51,951)**	(62,166)
Less: Direct operating expenses that generate licensing income	**5,936**	5,936
Net licensing income	**(46,015)**	(56,230)

7. TAXATION (CHARGE) CREDIT

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Current tax charge		
— Macau Complementary Tax ("Macau CT")	**(825)**	(825)
— Lao PDR Flat Tax	**(38,902)**	—
	(39,727)	(825)
Deferred taxation credit	**3,253**	3,315
Income tax (charge) credit	**(36,474)**	2,490

Macau CT is calculated at the maximum progressive rate of 12% on the estimated assessable profit for the period. No provision for Macau CT and Hong Kong Profits Tax has been made in the condensed consolidated financial statements as either the relevant group entities incurred tax losses or the estimated assessable profits were fully absorbed by tax losses brought forward from prior years.

Pursuant to the Dispatch of the Financial Services Bureau of the Macau Special Administrative Region, the People's Republic of China ("Macau SAR") dated 17 November 2006 and a confirmation letter issued by the Financial Services Bureau of the Macau SAR government dated 14 January 2013, gaming related revenue generated from the Service Agreement is not subject to Macau CT for any of the years ended 31 December 2012 to 2016 since it is derived from SJM gaming revenue (the "Exemption"), for which the gaming revenue is exempted pursuant to the terms of no. 2 of article 28 of the Law 16/2001 and the exemption granted by Dispatch no. 30/2004 of 23 February 2004, Dispatch no. 378/2011 of 23 November 2011 and Dispatch no. 329/2016 of 19 September 2016. Pursuant to the confirmation letter issued by the Financial Services Bureau of the Macau SAR government dated 21 November 2016, the Exemption has been extended for the period from 1 January 2017 to 31 March 2020.

Pursuant to the Dispatch of the Financial Services Bureau of the Macau SAR dated 28 June 2013, Hong Hock was allowed to pay an annual lump sum dividend withholding tax of MOP1,700,000 (equivalent to approximately HK$1,650,000) for each of the years ended 31 December 2012 to 2016 as payment in lieu of Macau CT otherwise due by the shareholders of Hong Hock on dividend distributions from gaming profits generated in relation to the operation of the casinos at The Landmark Macau and MFW. Such annual lump sum tax payments were required regardless of whether dividends were actually distributed or whether Hong Hock had distributable profits in the relevant years. Hong Hock has applied for extension of aforementioned approval in regards to Macau CT on dividend distributions from the Financial Services Bureau of the Macau SAR government for the year of assessment from 2017 to 2021 and the approval has not yet been finalised up to the date of this announcement.

Pursuant to the Lao PDR Flat Tax Agreement (the "Agreement") signed between Savan Legend, a wholly-owned subsidiary of the Company, and the Ministry of Finance of the Lao PDR (the "Laos Government") dated 13 May 2016, the Laos Government agreed Savan Legend to pay a flat tax in an amount of US$10,000,000 (equivalent to approximately HK$77,804,000) per annum (the "Flat Tax"). The Flat Tax shall be paid for the period from 1 September 2016 to 31 August 2019 with a conditional extension for a period of two years, given that the Group commits to carry out, a hotel resort complex project on a site owned by Savan Legend. Under the Agreement, Savan Legend is not subject to other taxes, including income tax.

8. DIVIDENDS

No dividends were paid, declared or proposed in respect of both interim periods.

9. LOSS PER SHARE

The calculation of the basic and diluted loss per Share attributable to owners of the Company is based on the following data:

Loss

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Loss for the period for the purpose of basic and diluted loss per Share	**(228,552)**	(175,289)

Number of Shares

	Six months ended 30 June	
	2017	2016
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per Share	**6,267,576**	6,311,716

For the six months ended 30 June 2017, diluted loss per Share is not presented as the Company does not have any dilutive potential ordinary share. The computation of diluted loss per share for the six months ended 30 June 2016 did not assume the conversion of the Company's outstanding share options since their exercise would result in a decrease in loss per Share.

10. INVESTMENT PROPERTIES AND PROPERTY AND EQUIPMENT

The addition of investment properties during the period includes amount of HK$83,963,000 (six months ended 30 June 2016: nil) for MFW Redevelopment.

The addition of property and equipment during the period includes amounts of HK$808,715,000 (six months ended 30 June 2016: amounts of HK$1,312,398,000) and HK$23,233,000 (six months ended 30 June 2016: HK$16,429,000) for MFW Redevelopment and investment project in Cape Verde, respectively.

11. DEPOSITS PAID

	At 30 June	At 31 December
	2017	2016
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Deposits paid for acquisition of property and equipment	**23,837**	125,631
Refundable deposit for a potential long-term investment project	**697,824**	697,824
Deposits for Project Cape Verde	**27,929**	24,481
	749,590	847,936

12. TRADE AND OTHER RECEIVABLES

	At 30 June 2017	At 31 December 2016
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Trade receivables	**266,213**	346,624
Less: Allowance for doubtful debts	**(14)**	(14)
	266,199	346,610
Other receivables and deposits	**117,763**	47,722
Prepayments	**57,247**	35,234
Receivables from gaming operator received on behalf of gaming promoters	**32,862**	37,222
Total trade and other receivables	**474,071**	466,788

The receivables from gaming operator are non-trading in nature, unsecured, non-interest bearing and repayable on demand.

The Group generally allows a credit period with an average of 30 days to the gaming operator relating to provision of gaming related services, an average of 30 days to VIP players, an average of 30 days to certain hotel guests and an average of 15 days to its tenants. The following is an aged analysis of trade receivables net of allowance for bad and doubtful debts presented based on the invoice date at the end of the reporting period:

	At 30 June 2017	At 31 December 2016
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Within 3 months	**83,977**	128,179
Over 3 months but within 6 months	**38,475**	42,572
Over 6 months but within 1 year	**21,051**	22,001
Over 1 year	**122,696**	153,858
	266,199	346,610

13. TRADE AND OTHER PAYABLES

Trade and other payables principally comprise amounts outstanding for ongoing costs and construction works. The average credit period granted by the Group's creditors is one month to three months.

	At 30 June 2017 HK$'000 (unaudited)	At 31 December 2016 HK$'000 (audited)
Trade payables	**67,348**	41,808
Deposits received from tenants	**45,109**	45,889
Accrued staff costs	**89,512**	110,484
Other accruals	**56,177**	32,951
Construction and retention payables	**1,005,176**	513,136
Other payables	**169,220**	178,984
Amounts due to gaming promoters	**23,710**	26,264
Total trade and other payables	**1,456,252**	949,516

The amounts due to gaming promoters are non-trading in nature, unsecured, non-interest bearing and repayable on demand.

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

	At 30 June 2017 HK$'000 (unaudited)	At 31 December 2016 HK$'000 (audited)
Within 3 months	**38,019**	39,952
Over 3 months but within 6 months	**27,504**	622
Over 6 months but within 1 year	**1,735**	1,192
Over 1 year	**90**	42
	67,348	41,808

14. BANK AND OTHER BORROWINGS

	At 30 June 2017 HK$'000 (unaudited)	At 31 December 2016 HK$'000 (audited)
Bank borrowings, secured *(remark i)*	**3,002,770**	3,394,667
Other borrowing *(remark ii)*	**57,500**	58,500
	3,060,270	3,453,167
Analysed for reporting purposes as:		
Current liabilities	**1,244,744**	1,042,932
Non-current liabilities	**1,815,526**	2,410,235
	3,060,270	3,453,167

Remarks:

(i) Bank borrowings, secured

	At 30 June 2017 HK$'000 (unaudited)	At 31 December 2016 HK$'000 (audited)
Secured bank borrowings due		
— within one year	**1,187,244**	984,432
— more than one year, but not exceeding two years	**1,815,526**	1,390,490
— more than two years, but not more than five years	**—**	1,019,745
	3,002,770	3,394,667
Less: Amount due within one year shown under current liabilities	**(1,187,244)**	(984,432)
Amount due after one year	**1,815,526**	2,410,235

(ii) Other borrowing represent the amount due to a gaming operator which is non-interest bearing, unsecured and repayable within one year.

15. LOANS FROM A SHAREHOLDER

The amounts represent loans from Mr David Chow which are unsecured and carry a fixed interest with reference to the prevailing market rates. Mr David Chow has agreed not to demand repayment within twelve months from the end of the reporting period. Accordingly, the amounts are classified as non-current liabilities.

16. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments in respect of leasehold land, office properties, warehouse and staff quarters rented under non-cancellable operating leases which fall due as follows:

	At 30 June 2017	At 31 December 2016
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Within one year	**10,057**	10,452
In the second to fifth year inclusive	**11,172**	12,136
Over five years	**19,568**	17,868
	40,797	40,456

Operating lease payments represent rentals payable by the Group for certain of its leasehold land, office properties, warehouse and staff quarters. Lease term of leasehold land in Macau is negotiated for a term of 25 years at a fixed rental and is subject for renewal in accordance with applicable laws and regulations. Lease term of leasehold land in Cape Verde is negotiated for a term of 75 years at a fixed rental and is subject to review on an annual basis. Leases for office properties, warehouse and staff quarters are negotiated for an average term of two years and rentals are fixed for an average term of two years.

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	At 30 June 2017	At 31 December 2016
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Within one year	**95,210**	101,716
In the second to fifth year inclusive	**308,376**	297,337
Over five years	**83,522**	112,069
	487,108	511,122

Operating lease income represents licensing income receivable by the Group from certain of its rented premises. Licensing arrangements are negotiated for an average term of five years and licensing fees are fixed for an average term of two years. In addition to the fixed licensing income which is disclosed above, pursuant to the terms of certain licensing arrangements, the Group has licensing income based on certain percentage of gross sales of relevant shop. The contingent licensing income contributed an insignificant amount of licensing income earned by the Group during both reporting periods.

17. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had capital commitments in respect of the acquisition of property and equipment and construction in progress which are contracted but not provided for in the amount of approximately HK$225,550,000 (31 December 2016: approximately HK$892,094,000).

18. CONTINGENT LIABILITIES

Pursuant to the amendment in the Service Agreement on 16 December 2011, in the event of any non-payment by the gaming promoters or any failure to fulfill their obligations relating to gaming promotion agreements as entered into with SJM and gaming promoters, the Group undertakes to reimburse SJM for any loss caused by such misconduct of the gaming promoters as well as any possible legal costs associated with litigation. There are no such claims from SJM during the six months ended 30 June 2017 and the year ended 31 December 2016.

Save and except for the matters specified above, the Group does not have any litigations or claims of material importance and, so far as the Directors are aware, no litigation or claims of material importance are pending or threatened by or against any companies of the Group.

19. EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group entered into a non-legally binding letter of intent ("LOI") with an independent third party (the "Purchaser"), pursuant to which the Group intends to sell and the Purchaser intends to acquire the entire issued share capital and all the shareholder's loan(s) owed by New Macau Landmark Management Limited, an indirect wholly-owned subsidiary of the Company, the legal and beneficial owner of the piece and parcel of land and of and in the messuages erections and building thereon known as "The Landmark Macau" at a consideration to be agreed between the parties. The Group received refundable deposits of HK$460 million in aggregate in July and August 2017. Further details of the LOI are set out in the Company's announcement dated 5 July 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Interim Results

For the six months ended 30 June 2017, the Group achieved a total reported revenue of approximately HK$855.9 million, representing an increase of approximately HK$189.9 million or approximately 28.5% over that of the last corresponding period of approximately HK$666.0 million. Breakdown of the Group's reported revenue for the six months ended 30 June 2017 and 2016 is as follows:

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Gaming services:		
— Pharaoh's Palace Casino		
— Mass market tables	**214,303**	265,408
— VIP tables*	**38,473**	62,453
— Slot machines	**4,224**	4,200
	257,000	332,061
— Babylon Casino		
— Mass market tables	**44,843**	60,827
— VIP tables*	**13,033**	26,254
— Slot machines	**458**	305
	58,334	87,386
— Legend Palace Casino		
— Mass market tables	**114,337**	—
— VIP tables*	**20,596**	—
— Slot machines	**2,615**	—
	137,548	—
— Savan Legend Casino		
— Mass market tables	**53,116**	—
— VIP tables	**8,537**	—
— Slot machines	**48,644**	—
	110,297	—
Sub-total for gaming services	**563,179**	419,447
Non-gaming operations:		
— The Landmark Macau	**99,966**	97,590
— Legend Palace Hotel	**37,803**	—
— MFW (excluding Legend Palace Hotel)	**145,674**	148,985
— Savan Legend Resorts	**9,280**	—
Sub-total for non-gaming operations	**292,723**	246,575
Total reported revenue	**855,902**	666,022

* The amount includes outsourced VIP tables and indirect participation in the gaming promotion business in Macau through New Legend under VIE Structure

For the six months ended 30 June 2017, gaming revenue and non-gaming revenue of the Group increased by approximately 34.3% to approximately HK$563.2 million and approximately 18.7% to approximately HK$292.7 million, respectively, when compared to the last corresponding period. The increase in gaming revenue was primarily due to (i) increase in the reported revenue contributed from Savan Legend Casino of approximately HK$110.3 million and (ii) increase in reported revenue contributed by Legend Palace Casino of approximately HK$137.5 million from the date of grand opening to 30 June 2017, which was offset by (iii) the decrease in reported revenue from mass market tables of approximately HK$67.1 million in Pharaoh's Palace Casino and Babylon Casino.

The increase in non-gaming revenue was primarily due to the increase in revenue from (i) the grand opening of Legend Palace Hotel on 27 February 2017 of approximately HK$37.8 million; and (ii) contribution of revenue from Savan Legend Resorts of approximately HK$9.3 million.

Adjusted EBITDA for the six months ended 30 June 2017 was approximately HK$100.5 million, representing an increase of approximately HK$53.8 million or approximately 115.4% over that of the last corresponding period of approximately HK$46.6 million. The following table reconciles the Adjusted EBITDA to the profit (loss) attributable to owners of the Company:

	Six months ended 30 June					
	2017			2016		
	The Group excluding Savan Legend	**Savan Legend**	**Consolidated**	The Group excluding Savan Legend	Savan Legend	Consolidated
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
(Loss) profit attributable to owners of the Company	**(233,938)**	**5,386**	**(228,552)**	(175,289)	—	(175,289)
Adjustments for:						
Finance costs	**42,158**	**—**	**42,158**	22,643	—	22,643
Depreciation of investment properties	**5,936**	**—**	**5,936**	5,936	—	5,936
Depreciation of property and equipment	**141,659**	**9,780**	**151,439**	126,558	—	126,558
Release of prepaid lease payments	**27,022**	**197**	**27,219**	27,021	—	27,021
Amortisation of other intangible assets	**17,419**	**—**	**17,419**	16,584	—	16,584
Loss on disposal of property and equipment	**13**	**—**	**13**	43	—	43
Exchange loss (gain) arising from non-operating activities	**391**	**(27)**	**364**	(213)	—	(213)
Pre-opening expenses *(remark)*	**48,045**	**—**	**48,045**	42,694	—	42,694
Interest income	**(63)**	**—**	**(63)**	(16,847)	—	(16,847)
Tax (credit) charge	**(2,428)**	**38,902**	**36,474**	(2,490)	—	(2,490)
Adjusted EBITDA	**46,214**	**54,238**	**100,452**	46,640	—	46,640

Remark: Pre-opening expenses represent mainly staff related costs, marketing and other administrative expenses incurred prior to the opening of new or expanded operations of the Group for the relevant periods.

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

	Six months ended 30 June					
	2017			2016		
	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	**115,630**	**88,338**	**203,968**	101,514	—	101,514
Non-gaming operations	**(38,802)**	**(34,100)**	**(72,902)**	(25,735)	—	(25,735)
Sub-total	**76,828**	**54,238**	**131,066**	75,779	—	75,779
Eliminated unallocate corporate expenses	**(30,614)**	**—**	**(30,614)**	(29,139)	—	(29,139)
Adjusted EBITDA	**46,214**	**54,238**	**100,452**	46,640	—	46,640

Adjusted EBITDA from the Group excluding the Savan Legend and eliminated unallocate corporate expenses, mainly arising from the operations at The Landmark Macau and MFW Group, for the six months ended 30 June 2017 increased by approximately 1.4% to approximately HK$76.8 million when compared to the last corresponding period. During the six months ended 30 June 2017, the newly opened Legend Palace Casino and Hotel and Savan Legend contributed Adjusted EBITDA of approximately HK$40.8 million and approximately HK$54.2 million, respectively.

The Group's loss for the six months ended 30 June 2017 was approximately HK$228.6 million, representing an increase of approximately HK$53.3 million when compared to the last corresponding period. The increase in loss for the six months ended 30 June 2017 was mainly due to (i) increase in operating costs and depreciation due to the opening of Legend Palace Casino and Hotel and (ii) increase in finance costs.

Interim Dividend

The Board has resolved not to pay an interim dividend for the six months ended 30 June 2017.

Financial and Operational Reviews

A. *Gaming Services*

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

As at 30 June 2017 and 2016, the Group had the following number of gaming tables and slot machines in its four casinos which were put into operation:

	At 30 June 2017					At 30 June 2016				
	Pharaoh's Palace Casino	**Babylon Casino**	**Legend Palace Casino**	**Savan Legend Casino**	**Total**	Pharaoh's Palace Casino	Babylon Casino	Legend Palace Casino	Savan Legend Casino	Total
Mass market tables	**60**	**28**	**48**	**49**	**185**	60	34	—	—	94
VIP tables	**17**	**7**	**11**	**23**	**58**	24	17	—	—	41
Total gaming tables	**77**	**35**	**59**	**72**	**243**	84	51	—	—	135
Slot machines	**141**	**62**	**80**	**446**	**729**	128	118	—	—	246

As at 30 June 2017, the Group had a total of 194 gaming tables in Macau (30 June 2016: 179), of which 171 (30 June 2016: 135) were put into operation. The Group had 72 gaming tables which were put into operation in the Lao PDR.

The following tables set out certain key operational data of mass market tables, VIP tables and slot machines for the six months ended 30 June 2017 and 2016:

Mass Market Tables

	Pharaoh's Palace Casino For the six months ended 30 June			**Babylon Casino For the six months ended 30 June**		
	2017	2016	Change	**2017**	2016	Change
	HK$'000	*HK$'000*		***HK$'000***	*HK$'000*	
Games drop	**1,995,436**	2,165,068	(7.8%)	**545,644**	688,464	(20.7%)
Net win	**389,642**	482,561	(19.3%)	**81,533**	110,594	(26.3%)
Hold rate	**19.53%**	22.29%	(2.8%)	**14.94%**	16.06%	(1.1%)
Average number of tables	**60**	60	—	**29**	32	(9.4%)
Net win per table per day	**36**	44	(18.2%)	**16**	19	(15.8%)

	Legend Palace Casino For the six months ended 30 June			**Savan Legend Casino For the six months ended 30 June**		
	2017	2016	Change	**2017**	2016	Change
	HK$'000	*HK$'000*		***HK$'000***	*HK$'000*	
Games drop	**1,243,821**	—	N/A	**228,637**	—	N/A
Net win	**207,885**	—	N/A	**53,068**	—	N/A
Hold rate	**16.71%**	—	N/A	**23.21%**	—	N/A
Average number of tables	**46**	—	N/A	**47**	—	N/A
Net win per table per day	**37**	—	N/A	**6**	—	N/A

For the six months ended 30 June 2017, net win per table per day of mass market tables at Pharaoh's Palace Casino and Babylon Casino decreased by approximately 18.2% to approximately HK$36,000 and approximately 15.8% to approximately HK$16,000 over that of the last corresponding period of approximately HK$44,000 and HK$19,000 respectively. The net win per table per day of mass market tables at Legend Palace Casino from the date of grand opening to 30 June 2017 and Savan Legend Casino for the six months ended 30 June 2017 of approximately HK$37,000 and HK$6,000 respectively.

VIP Tables

	Pharaoh's Palace Casino For the six months ended 30 June			Babylon Casino For the six months ended 30 June		
	2017	2016	Change	**2017**	2016	Change
	HK$'000	*HK$'000*		***HK$'000***	*HK$'000*	
Games turnover	**8,218,535**	15,326,879	(46.4%)	**459,098**	646,652	(29.0%)
Net win	**298,967**	384,214	(22.2%)	**23,704**	43,409	(45.4%)
Win percentage	**3.64%**	2.51%	1.1%	**5.16%**	6.71%	(1.6%)
Average number of tables	**20**	24	(16.7%)	**12**	15	(20.0%)
Net win per table per day	**83**	88	(5.7%)	**11**	16	(31.3%)

	Legend Palace Casino For the six months ended 30 June			Savan Legend Casino For the six months ended 30 June		
	2017	2016	Change	**2017**	2016	Change
	HK$'000	*HK$'000*		***HK$'000***	*HK$'000*	
Games turnover	**1,787,717**	—	N/A	**2,054,286**	—	N/A
Net win	**32,857**	—	N/A	**43,620**	—	N/A
Win percentage	**1.84%**	—	N/A	**2.12%**	—	N/A
Average number of tables	**12**	—	N/A	**30**	—	N/A
Net win per table per day	**22**	—	N/A	**8**	—	N/A

For the six months ended 30 June 2017, net win per table per day of VIP tables at Pharaoh's Palace Casino decreased by approximately 5.7% to approximately HK$83,000 over that of the six months ended 30 June 2016 of approximately HK$88,000. Net win per table per day of VIP tables at Babylon Casino decreased by approximately 31.3% to approximately HK$11,000 over that of the last corresponding period of approximately HK$16,000. The net win per table per day of VIP tables at Legend Palace Casino from the date of grand opening to 30 June 2017 and Savan Legend Casino for the six months ended 30 June 2017 of approximately HK$22,000 and HK$8,000 respectively.

Slot Machines

	Pharaoh's Palace Casino For the six months ended 30 June			Babylon Casino For the six months ended 30 June		
	2017	2016	Change	**2017**	2016	Change
	HK$'000	*HK$'000*		***HK$'000***	*HK$'000*	
Slot handle	**196,330**	407,103	(51.8%)	**18,254**	19,559	(6.7%)
Net win	**12,887**	11,616	10.9%	**1,178**	743	58.5%
Hold rate	**6.56%**	2.85%	3.7%	**6.45%**	3.80%	2.7%
Average number of slot machines	**142**	128	10.9%	**65**	74	(12.2%)
Net win per slot machine per day	**0.5**	0.5	—	**0.1**	0.1	—

	Legend Palace Casino For the six months ended 30 June			Savan Legend Casino For the six months ended 30 June		
	2017	2016	Change	**2017**	2016	Change
	HK$'000	*HK$'000*		***HK$'000***	*HK$'000*	
Slot handle	**98,561**	—	N/A	**1,321,418**	—	N/A
Net win	**6,757**	—	N/A	**50,040**	—	N/A
Hold rate	**6.86%**	—	N/A	**3.79%**	—	N/A
Average number of slot machines	**72**	—	N/A	**463**	—	N/A
Net win per slot machine per day	**0.8**	—	N/A	**0.6**	—	N/A

There was no changes in Group's net win per slot machine per day at Pharaoh's Palace Casino and Babylon Casino for the six months ended 30 June 2017 over that of the last corresponding period.

B. *Non-gaming Operations*

For the six months ended 30 June 2017, the Group recorded a total non-gaming revenue of approximately HK$292.7 million, increased by approximately HK$46.1 million or approximately 18.7% over that of the last corresponding period of approximately HK$246.6 million.

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

	Six months ended 30 June					
	2017			2016		
	The Group excluding Savan Legend Resorts	**Savan Legend Resorts**	**Consolidated**	The Group excluding Savan Legend Resorts	Savan Legend Resorts	Consolidated
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Rental income from hotel rooms	**121,830**	**1,168**	**122,998**	89,167	—	89,167
Licensing income from investment properties	**51,855**	**96**	**51,951**	62,166	—	62,166
Income from building management services	**31,651**	**—**	**31,651**	28,445	—	28,445
Food and beverage	**69,462**	**7,280**	**76,742**	56,323	—	56,323
Sales of merchandise	**7,182**	**—**	**7,182**	7,514	—	7,514
Others	**1,463**	**736**	**2,199**	2,960	—	2,960
Total revenue from non-gaming operations	**283,443**	**9,280**	**292,723**	246,575	—	246,575

The increase in non-gaming revenue was primarily due to the revenue contributed by (i) Legend Palace Hotel of approximately HK$37.8 million from the date of grand opening to 30 June 2017; (ii) Savan Legend Resorts of approximately HK$9.3 million for the six months ended 30 June 2017. Out of the total non-gaming revenue, revenue from (i) The Landmark Macau accounted for approximately HK$100.0 million or approximately 34.2% of the total non-gaming revenue (six months ended 30 June 2016: approximately HK$97.6 million or approximately 39.6%); (ii) Harbourview Hotel accounted for approximately HK$69.9 million or approximately 23.9% of the total non-gaming revenue (six months ended 30 June 2016: approximately HK$62.9 million or approximately 25.5%); and (iii) Savan Legend Resorts accounted for approximately HK$9.3 million or approximately 3.2% of total non-gaming revenue (six months ended 30 June 2016: Nil).

The following table sets out certain key operational data on our major hotel operations of the Group for the six months ended 30 June 2017 and 2016:

	Six months ended 30 June		
	2017	2016	Change %
The Landmark Macau			
Occupancy rate (%)	**79.7**	68.1	11.6
ADR (HK$)	**979.3**	1,040.2	(5.9)
REVPAR (HK$)	**780.5**	708.4	10.2
Rocks Hotel			
Occupancy rate (%)	**83.1**	70.6	12.5
ADR (HK$)	**930.9**	1,019.3	(8.7)
REVPAR (HK$)	**773.6**	719.6	7.5
Harbourview Hotel			
Occupancy rate (%)	**82.7**	69.7	13.0
ADR (HK$)	**829.7**	809.4	2.5
REVPAR (HK$)	**686.2**	564.2	21.6
Legend Palace Hotel[#]			
Occupancy rate (%)	**77.5**	—	N/A
ADR (HK$)	**1,418.4**	—	N/A
REVPAR (HK$)	**1,099.3**	—	N/A

[#] *Grand opening on 27 February 2017*

C. *Corporate and Business Updates*

(a) *MFW Redevelopment*

Legend Palace Hotel

Legend Palace Hotel, the second new hotel under the MFW Redevelopment opened on 27 February 2017. It is a five-star deluxe-themed hotel in the style of Central/Northern Asian medieval architecture with 223 opulent guest rooms including suites. The hotel will include a new in-house casino.

Legendale Hotel

Legendale Hotel, the third new hotel under the MFW Redevelopment, will be a flagship five-star deluxe rating hotel modelled after the Neo-Renaissance style of architecture from the mid-17th century Central European period with a planned 500 guest rooms including suites and a new in-house casino. Re-design of the construction of the hotel is now in progress in order to meet the height requirements of the relevant government authority in Macau.

Other redevelopment

Yacht club and public pier for harbour cruises project include further development of the marina to increase the size of its mooring area and inclusion of a yacht club with immigration facilities. Phase 1 of the project had been completed in November 2014 while phase 2 is still in progress. Further pontoons and wave attenuator wall in design stage incorporating comments from the Macau government. Approval of immigration facilities has been obtained from the Macau government with effect from 1 April 2016.

(b) *Proposed disposal of The Landmark Macau*

Subsequent to the end of the reporting period, the Group entered into a non-legally binding letter of intent ("LOI") with an independent third party (the "Purchaser"), pursuant to which the Group intends to sell and the Purchaser intends to acquire the entire issued share capital and all the shareholder's loan(s) owed by New Macau Landmark Management Limited, an indirect wholly-owned subsidiary of the Company, the legal and beneficial owner of the piece and parcel of land and of and in the messuages erections and building thereon known as "The Landmark Macau" at a consideration to be agreed between the parties. The Group received refundable deposits of HK$460 million in aggregate in July and August 2017.

Outlook

On 27 February 2017, the Company held a ceremony that celebrated the opening of Legend Palace, the second new hotel at the MFW Redevelopment. The Company actively supports the efforts of the Macau government to build a world tourism and leisure center and to promote diversified tourism in Macau. Efforts are being made to upgrade state of the art lighting and visual effects to the newly completed canopy for an enhanced open-air shopping, dining and entertainment experience. The progress of construction of the dinosaur museum is smooth with a completion target within 2017. Future plans include the construction of an opera house and an intelligent exhibition centre. The Company intends to target visitors from South East Asia at which it already begun to create an operation and marketing hub in Laos.

At the same time, the Group continues to be vigorously engaged in strategic overseas expansion, during this temporary lull in Macau developments by 1) continuing to focus on the Southeast Asian destinations where the "One Belt, One Road" policy from China is supporting new investment in tourism and tourism related infrastructure and also in Portuguese-speaking countries where there is a similar policy initiative; and 2) actively seeking opportunities and creating new markets for its business expansion so as to maximise value for its shareholders, partners and customers.

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 2017, the consolidated net assets attributable to owners of the Company amounted to approximately HK$6,493.8 million, representing a decrease of approximately HK$198.7 million from approximately HK$6,692.4 million as at 31 December 2016. The decrease in consolidated net assets during the six months ended 30 June 2017 was mainly due to the Group's loss for the period of approximately HK$228.6 million.

Bank balances and cash

As at 30 June 2017, bank balances and cash held by the Group amounted to approximately HK$131.1 million (including pledged bank deposits of approximately HK$6.5 million), which was denominated mainly in HK$ and MOP. Given MOP are pegged to HK$, the Group considers the exposure to exchange rate risk is nominal for its bank balances and cash denominated in MOP.

As at 30 June 2017, the Group has reclassified its chips on hands from bank balances and cash to receivables instead, bringing a significant drop in bank balances and cash.

Borrowings

As at 30 June 2017, the Group had outstanding (i) secured bank borrowings of approximately HK$3,002.8 million, (ii) unsecured and unguaranteed, interest-free other borrowings of approximately HK$57.5 million and (iii) unsecured and unguaranteed, interest-bearing loans from a shareholder, Mr David Chow, of approximately HK$682.2 million.

Charge on the Group's Assets

As at 30 June 2017, 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$436.3 million (31 December 2016: approximately HK$358.3 million), buildings with a total carrying amount of approximately HK$2,368.9 million (31 December 2016: approximately HK$2,320.9 million), prepaid lease payments with a total carrying amount of approximately HK$1,737.6 million (31 December 2016: approximately HK$1,764.6 million), trade receivables of approximately HK$162.4 million (31 December 2016: approximately HK$118.0 million) and bank deposits of approximately HK$6.5 million (31 December 2016: approximately HK$21.1 million).

Gearing

The Group's gearing ratio (expressed as a percentage of total borrowings over total equity as at the end of the reporting period) was approximately 57.6% as at 30 June 2017 (31 December 2016: approximately 51.6%).

Hedging, Acquisitions and Disposals and Significant Investments

Save as disclosed in this announcement, during the six months ended 30 June 2017, the Group did not (i) employ any financial instruments for hedging purposes; (ii) undertake any material acquisitions or disposals of assets, business or subsidiaries; or (iii) make any significant investments.

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 2017.

Contingent Liabilities

Details of contingent liabilities of the Group as at 30 June 2017 are set out in note 18 to the condensed consolidated financial statements of the Group for the six months ended 30 June 2017.

Capital Commitments

Details of capital commitments of the Group as at 30 June 2017 are set out in note 17 to the condensed consolidated financial statements of the Group for the six months ended 30 June 2017.

Employees and Remuneration Policies

As at 30 June 2017, the Group had a total of approximately 4,870 employees, including approximately 1,270 gaming operation employees who were employed and paid by SJM but over whom the Group exercised oversight in accordance with the Service Agreement. The Group reimbursed SJM in full for the salaries and other benefits of these gaming operation employees.

The Group recognises the importance of maintaining a stable staff force for its continued success. Staff remuneration is determined by reference to personal qualifications, work performance, industry experience, responsibilities and relevant market trends. Discretionary bonuses are granted to employees based on merit and in accordance with industry practice. Other benefits including share options, reward shares, retirement benefits, 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 2017, the Company has complied with the CG Code except for code provision A.2.1.

Code provision A.2.1

Code provision A.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. Currently, Mr David Chow and Mr Tong Ka Wing, Carl are co-chairmen of the Board and responsible for the management of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner. In addition, Mr David Chow is the chief executive officer of the Company, taking care of the day-to-day management of the Group's business and implementing the Group's policies, strategic plans and business goals formulated by the Board. Although Mr David Chow is both a co-chairman and the chief executive officer of the Company, the powers and authorities of the co-chairman have not been concentrated as the responsibilities have been shared between the co-chairmen. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high calibre individuals with sufficient number of Directors being non-executive Directors.

REVIEW OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company's unaudited condensed consolidated financial statements for the six months ended 30 June 2017 have been reviewed by the audit committee of the Company, which currently comprises three independent non-executive Directors, namely Mr Fong Chung, Mark, Mr Xie Min and Madam Tam Wai Chu, Maria, and two non-executive Directors, namely Mr Tong Ka Wing, Carl and 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.

INVESTOR RELATIONS

Information regarding the Company is published on its website at "www.macaulegend.com". Interim and annual reports, circulars and notices of the Company are dispatched to shareholders of the Company at appropriate times. The website of the Company provides information such as e-mail address, correspondence address and telephone numbers for inquiries, and provides information on business activities of the Group.

DEFINITIONS

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

"Adjusted EBITDA"	the Group's earnings before interest income, finance costs, income taxes, depreciation, release of prepaid lease payments, amortisation, loss on disposal of property and equipment, exchange gain/loss arising from non-operating activities, pre-opening expenses and one-off costs incurred or associated with corporate exercises, where applicable
"ADR"	average daily room rate
"Board"	the board of Directors
"Business Operation"	an integrated set of activities and assets that are engaged in operation of integrated resorts in Lao PDR
"Cape Verde"	the Republic of Cabo Verde
"CG Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Company"	Macau Legend Development Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
"Director(s)"	the director(s) of the Company

"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"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
"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
"MFW Redevelopment"	the redevelopment of MFW
"MOP"	Macau Pataca, the lawful currency of Macau
"Mr David Chow"	Mr Chow Kam Fai, David, a co-chairman, an executive Director and the chief executive officer of the Company and a controlling shareholder (as defined in the Listing Rules) of the Company
"Mr Frederick Yip"	Mr Yip Wing Fat, Frederick, the sole shareholder and sole director of New Legend and the executive vice president, head of casino operations of the Company
"New Legend"	New Legend VIP Club Limited, a company incorporated in Macau by Mr Frederick Yip, and consolidated as a subsidiary of the Company under the VIE Structure
"Project Cape Verde"	an investment project in Cape Verde
"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 Resorts Hotel and Entertainment Complex

"Savan Legend Casino"	a casino operated by Savan Legend inside Savan Resorts Hotel and Entertainment Complex in the Lao PDR
"Savan Legend Resorts"	a resort operated by Savan Legend inside Savan Resorts Hotel and Entertainment Complex in the Lao PDR
"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 the Group's two major casinos, namely Pharaoh's Palace Casino in The Landmark Macau and Babylon Casino in MFW
"Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of the Company
"SJM"	Sociedade de Jogos de Macau, S.A.
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"The Landmark Macau"	the hotel, dining, conference and casino complex, and the car parks, located at Macau Landmark Building, 555 Avenida da Amizada, Macau
"VIE Structure"	the structure established through the entering into of the exclusive management and consultancy services agreement, the exclusive undertaking to sell agreement, the transfer of profit and loan agreement, the share and equity pledge agreement and the power of attorney (further details of these agreements are set out in the Company's circular dated 9 June 2014), which enables the Group to indirectly participate in the gaming promotion business operations in Macau through New Legend
"%"	per cent

By Order of the Board
Macau Legend Development Limited
Chow Kam Fai, David
Co-chairman, executive Director and chief executive officer

Hong Kong, 31 August 2017

As at the date of this announcement, the executive Directors are Chow Kam Fai, David, Lam Fong Ngo, Sheldon Trainor-DeGirolamo and Chow Wan Hok, Donald; the non-executive Directors are Tong Ka Wing, Carl and Ho Chiulin, Laurinda; and the independent non-executive Directors are Fong Chung, Mark, Xie Min and Tam Wai Chu, Maria.