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 2018

RESULTS

The Board announces the unaudited consolidated interim results of the Group for the six months ended 30 June 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	*(unaudited)*
REVENUE	*3*	**951,593**	855,902
Cost of sales and services		**(646,442)**	(612,764)
		305,151	243,138
Other income, gains and losses		**(24,610)**	3,105
Gain on disposal of a subsidiary	*5*	**3,430,078**	–
Marketing and promotional expenses		**(96,820)**	(90,023)
Operating, administrative and other expenses		**(243,203)**	(306,140)
Finance costs	*6*	**(64,683)**	(42,158)

* *for identification purposes only*

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

For the six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	*(unaudited)*
PROFIT (LOSS) BEFORE TAXATION	*7*	**3,305,913**	(192,078)
Income tax expenses	*8*	**(452,195)**	(36,474)
PROFIT (LOSS) FOR THE PERIOD		**2,853,718**	(228,552)
Other comprehensive (expense) income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**(9,616)**	29,894
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD		**2,844,102**	(198,658)
Earnings (loss) per Share	*10*		
– Basic (HK cents)		**45.5**	(3.7)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Notes	At 30 June 2018 HK$'000 (unaudited)	At 31 December 2017 HK$'000 (audited)
NON-CURRENT ASSETS			
Investment properties		**334,502**	340,133
Property and equipment		**6,468,326**	6,428,651
Prepaid lease payments		**1,277,670**	1,299,223
Goodwill		**681,986**	681,986
Other intangible assets		**270,135**	288,412
Deposits paid		**749,784**	750,360
		9,782,403	9,788,765
CURRENT ASSETS			
Inventories		**32,542**	39,959
Prepaid lease payments		**42,722**	42,723
Trade and other receivables	*11*	**348,753**	402,554
Pledged bank deposits		**8,127**	8,086
Bank balances and cash		**2,399,200**	235,625
		2,831,344	728,947
Assets classified as held for sale		**–**	1,159,112
		2,831,344	1,888,059
CURRENT LIABILITIES			
Trade and other payables	*12*	**893,639**	1,308,058
Dividend payable		**501,406**	–
Taxation payable		**418,012**	1,650
Bank and other borrowings – due within one year		**240,215**	1,447,447
		2,053,272	2,757,155
Liabilities associated with assets classified as held for sale		**–**	727,230
		2,053,272	3,484,385
NET CURRENT ASSETS (LIABILITIES)		**778,072**	(1,596,326)
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,560,475**	8,192,439

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2018

	At 30 June 2018 HK$'000 (unaudited)	At 31 December 2017 HK$'000 (audited)
NON-CURRENT LIABILITIES		
Bank borrowings – due after one year	**1,819,657**	1,019,830
Loans from a shareholder	**–**	771,234
Deferred tax liabilities	**161,817**	165,070
	1,981,474	1,956,134
NET ASSETS	**8,579,001**	6,236,305
CAPITAL AND RESERVES		
Share capital	**626,758**	626,758
Reserves	**7,952,243**	5,609,547
TOTAL EQUITY	**8,579,001**	6,236,305

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The 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 Company.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computations used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2017.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

In addition, the Group has applied Amendments to HKFRS 9 "Prepayment Features with Negative Compensation" in advance of the effective date. i.e. 1 January 2019.

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied the limited retrospective method of transition to HKFRS 15. The Directors have assessed the impact on application of HKFRS 15 and do not anticipate a material impact on the Group's profit for the period from the operation. However, application of HKFRS 15 had impact on presentation in the following areas:

- a change in the presentation of, and accounting for, revenue generated from goods or services provided on a complimentary basis that are currently provided to gaming patrons and related costs of sales and services on hotel and catering that were previously included in marketing and promotional expenses.

- a change in the measurement of the loyalty points related to its customer relationship programs which is accounted for as a separate performance obligation and allocating the transaction price to performance obligations for providing gaming and hotel operations and related services and loyalty points under the relative stand-alone selling price. When the benefits are redeemed, revenue will be recognised in the respective category of the goods or services provided.

Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments"

Impairment under Expected Credit Loss ("ECL") model

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

In the current period, the Group has applied HKFRS 9 simplified approach to measure ECL using lifetime ECL for trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics.

Loss allowance for other financial assets at amortised cost mainly comprise of pledged bank deposits, bank deposits with original maturity of more than three months and bank balances, and are measured on 12 months ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, no additional credit loss allowance has been recognised against retained profits as the estimated allowance under the ECL model were not significantly different to the losses previously recognised under HKAS 39.

3. REVENUE

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

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Revenue from gaming related operations:		
Recognised over time:		
(i) from provision of gaming related facilities and gaming related general management services under the Service Agreement and indirect participation in the gaming promotion business under the VIE Structure in respect of:		
– Mass market tables	**466,828**	373,483
– VIP tables*	**80,489**	72,102
– Slot machines	**3,298**	7,297
	550,615	452,882
Recognised at a point in time:		
(ii) from operation of a casino in respect of:		
– Mass market tables	**57,572**	53,116
– VIP tables	**22,337**	8,537
– Slot machines	**43,684**	48,644
	123,593	110,297
	674,208	563,179
Revenue from non-gaming related operations:		
Recognised over time:		
Rental income from hotel rooms	**133,732**	122,998
Licensing income from investment properties	**40,387**	51,951
Income from building management services	**20,740**	31,651
	194,859	206,600

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Recognised at a point in time:		
Food and beverage	**74,266**	76,742
Sales of merchandise	**4,011**	7,182
Others	**4,249**	2,199
	82,526	86,123
	277,385	292,723
	951,593	855,902
Timing of revenue recognition:		
– over time	**745,474**	659,482
– at a point in time	**206,119**	196,420
	951,593	855,902

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

4. SEGMENT INFORMATION

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

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

The segment information is consistent with the internal information that is regularly reviewed by the Executive Directors for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby 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 VIP gaming tables operated by a subsidiary, New Legend, through the VIE Structure; and 2) Casino operation in Lao PDR.

Non-gaming – operations at The Landmark Macau (disposed of on 27 April 2018), 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:

For the six months ended 30 June 2018 (unaudited)

	Gaming	**Non-gaming**	**Segment total**	**Elimination**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
External revenue	**674,208**	**277,385**	**951,593**	**–**	**951,593**
Inter-segment revenue	**–**	**80,485**	**80,485**	**(80,485)**	**–**
Segment revenue	**674,208**	**357,870**	**1,032,078**	**(80,485)**	**951,593**
Segment profit (loss)	**170,464**	**(135,304)**	**35,160**	**–**	**35,160**
Unallocated depreciation and amortisation					**(50,752)**
Unallocated corporate expenses					**(43,890)**
Gain on disposal of a subsidiary					**3,430,078**
Finance costs					**(64,683)**
Profit before taxation					**3,305,913**

For the six months ended 30 June 2017 (unaudited)

	Gaming	Non-gaming	Segment total	Elimination	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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 and amortisation					(51,778)
Unallocated corporate expenses					(36,323)
Unallocated exchange gain, net					544
Finance costs					(42,158)
Loss before taxation					(192,078)

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents the results of each segment without allocation of depreciation of certain investment properties and certain property and equipment, release of prepaid lease payments arising from the fair value adjustments on acquisition of MFW Group and amortisation of other intangible assets, unallocated corporate expenses, net exchange difference, gain on disposal of a subsidiary 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. DISPOSAL OF A SUBSIDARY

On 9 November 2017, the Group entered into a sale and purchase agreement with, among others, independent third parties (the "Purchasers"), pursuant to which the Purchasers agreed to purchase the entire issued share capital in NML, the legal owner of The Landmark Macau, and all obligations, liabilities and debts owing or incurred by NML to Hong Hock at a cash consideration of HK$4,600,000,000. Details of the Disposal are contained in the Company's circular dated 22 December 2017. The Disposal was completed on 27 April 2018.

An anaylsis of assets and liabilities of NML at the Disposal date was as follows:

	HK$'000
Investment properties	**110,480**
Property and equipment	**602,444**
Prepaid lease payments	**388,868**
Deposits paid for acquisition of property and equipment	**4,202**
Inventories	**4,048**
Trade and other receivables	**23,047**
Amounts due from group companies	**23,252**
Bank balances and cash	**6,998**
Trade and other payables	**(55,475)**
Loans from a group company	**(1,504,854)**
Amount due to a group company	**(335)**
Amount due to a related company	**(187)**
Net liabilities disposed of	**(397,512)**

Gain on disposal of a subsidiary is calculated as follow:

Consideration received	**4,600,000**
Expenses incurred on disposal of a subsidiary	**(62,580)**
Net liabilities disposed of	**397,512**
Sale of loans from a group company	**(1,504,854)**
Gain on the Disposal	**3,430,078**

Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary:

Cash consideration received	**4,600,000**
Less: Deposits received from the Disposal included in liabilities associated with assets classified as held for sale as at 31 December 2017	**(660,000)**
Bank balances and cash disposed of	**(6,998)**
	3,933,002

6. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Interest on bank borrowings	**37,966**	53,845
Interest on loans from a shareholder	**12,003**	13,530
Amortisation of finance costs on bank borrowings	**12,103**	8,103
Other finance costs	**2,611**	1,380
Total borrowing costs	**64,683**	76,858
Less: Capitalised borrowing costs in construction in progress (included in property and equipment)	**–**	(34,700)
	64,683	42,158

During the six months ended 30 June 2017, borrowing costs capitalised during the period arose from the general borrowing pool and are calculated by applying a capitalisation rate of 4.0% (2018: nil) per annum to expenditure on qualifying assets.

7. PROFIT (LOSS) BEFORE TAXATION

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Profit (loss) before taxation has been arrived at after charging (crediting):		
Allowance for inventories (included in cost of sales and services)	**5,146**	291
Allowance for doubtful debts (included in other income, gains and losses)	**9,946**	–
Allowance for other receivables (included in other income, gains and losses)	**27,954**	–
Amortisation of other intangible assets (included in cost of sales and services of HK$905,000 (2017: HK$835,000) and operating, administrative and other expenses of HK$16,584,000 (2017: HK$16,584,000))	**17,489**	17,419
Cost of inventories recognised as an expense (included in cost of sales and services)	**41,822**	40,273
Depreciation of investment properties	**5,631**	5,936
Depreciation of property and equipment	**180,161**	151,439
Bank interest income	**(7,011)**	(63)
Loss on disposal of property and equipment	**198**	13
Minimum lease payments under operating leases in respect of leasehold land and buildings	**1,998**	3,627
Release of prepaid lease payments	**21,369**	27,219
Net exchange (gain) loss	**(573)**	578
Gross licensing income from investment properties	**(40,387)**	(51,951)
Less: Direct operating expenses that generate licensing income from investment properties	**5,631**	5,936
Net licensing income from investment properties	**(34,756)**	(46,015)

8. INCOME TAX EXPENSES

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Current tax charges		
– Macau Complementary Tax	**(416,372)**	(825)
– Lao PDR Flat Tax	**(39,076)**	(38,902)
	(455,448)	(39,727)
Deferred taxation credit	**3,253**	3,253
Income tax expenses	**(452,195)**	(36,474)

Macau Complementary Tax is calculated at the rate of 12% on the estimated assessable profit for the period. No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the relevant group entities incurred tax losses.

9. DIVIDEND

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
2018 special dividend of HK$0.08 per ordinary Share	**501,406**	–

The directors of the Company have determined that no dividend will be paid in respect of the interim period.

10. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per Share attributable to the owners of the Company is based on the following data:

Earnings (loss)

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Profit (loss) for the period for the purpose of basic earnings (loss) per Share	**2,853,718**	(228,552)

Number of Shares

	Six months ended 30 June	
	2018	2017
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per Share	**6,267,576**	6,267,576

Diluted earnings (loss) per Share is not presented as the Group does not have any dilutive potential ordinary share for both interim periods.

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2018 *HK$'000* *(unaudited)*	At 31 December 2017 *HK$'000* *(audited)*
Trade receivables	**133,051**	188,795
Less: Allowance for doubtful debts	**(9,960)**	(14)
	123,091	188,781
Chips on hand	**55,348**	53,024
Other receivables and deposits	**86,468**	82,847
Prepayments	**22,706**	37,171
Receivables from gaming operator received on behalf of gaming promoters	**61,140**	40,731
Total trade and other receivables	**348,753**	402,554

At the end of the reporting period, the Group's net trade receivables from individual VIP gaming patrons amounted to HK$19,688,000 (31 December 2017: HK$79,458,000).

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	At 30 June 2018 *HK$'000* *(unaudited)*	At 31 December 2017 *HK$'000* *(audited)*
Within 3 months	**107,492**	103,290
Over 3 months but within 6 months	**3,233**	8,149
Over 6 months but within 1 year	**4,088**	3,588
Over 1 year	**8,278**	73,754
	123,091	188,781

12. 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 2018 *HK$'000* *(unaudited)*	At 31 December 2017 *HK$'000* *(audited)*
Trade payables	**99,576**	48,962
Construction and retention payables	**456,259**	818,699
Other payables	**137,966**	189,338
Deposits received from tenants	**27,660**	27,598
Amounts due to gaming promoters	**19,340**	44,272
Deposits received from gaming promoters	**18,000**	26,000
Other sundry accruals	**52,501**	42,009
Accrued staff costs	**82,337**	111,180
Total trade and other payables	**893,639**	1,308,058

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 2018 *HK$'000* *(unaudited)*	At 31 December 2017 *HK$'000* *(audited)*
Within 3 months	**98,144**	47,037
Over 3 months but within 6 months	**959**	306
Over 6 months but within 1 year	**323**	616
Over 1 year	**150**	1,003
	99,576	48,962

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Interim Results

For the six months ended 30 June 2018, the Group achieved a total reported revenue of approximately HK$951.6 million, representing an increase of approximately HK$95.7 million or approximately 11.2% over that of the last corresponding period of approximately HK$855.9 million. Breakdown of the Group's reported revenue for the six months ended 30 June 2018 and 2017 is as follows:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Gaming services:		
– Pharaoh's Palace Casino		
– Mass market tables	**166,836**	214,303
– VIP tables*	**18,095**	38,473
– Slot machines	**–**	4,224
	184,931	257,000
– Babylon Casino		
– Mass market tables	**45,711**	44,843
– VIP tables*	**13,039**	13,033
– Slot machines	**587**	458
	59,337	58,334
– Legend Palace Casino		
– Mass market tables	**254,281**	114,337
– VIP tables*	**49,355**	20,596
– Slot machines	**2,711**	2,615
	306,347	137,548
– Savan Legend Casino		
– Mass market tables	**57,572**	53,116
– VIP tables	**22,337**	8,537
– Slot machines	**43,684**	48,644
	123,593	110,297
Sub-total for gaming services	**674,208**	563,179

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Non-gaming operations:		
– The Landmark Macau	**69,222**	99,966
– Legend Palace Hotel	**40,289**	37,803
– MFW (excluding Legend Palace Hotel)	**159,991**	145,674
– Savan Legend	**7,883**	9,280
Sub-total for non-gaming operations	**277,385**	292,723
Total reported revenue	**951,593**	855,902

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

For the six months ended 30 June 2018, gaming revenue of the Group increased by approximately 19.7% to approximately HK$674.2 million, offset by decreased non-gaming revenue of approximately 5.2% to approximately HK$277.4 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 Legend Palace Casino of approximately HK$168.8 million and (ii) increase in reported revenue contributed by Savan Legend Casino of approximately HK$13.3 million, which was offset by (iii) the decrease in reported revenue contributed by Pharaoh's Palace Casino of approximately HK$72.1 million.

The decrease in non-gaming revenue was primarily due to the cessation of consolidation of The Landmark Macau's revenue starting from 28 April 2018, which resulted in the decrease in reported revenue contributed by The Landmark Macau of approximately 30.8%. The decrease was offset by the increase in reported revenue contributed by MFW (mainly Harbourview Hotel) of approximately HK$14.3 million.

Adjusted EBITDA for the six months ended 30 June 2018 was approximately HK$200.6 million, representing an increase of approximately HK$99.8 million or approximately 99.1% over that of the last corresponding period of approximately HK$100.7 million. The following table reconciles the Adjusted EBITDA to the profit (loss) attributable to owners of the Company:

	Six months ended 30 June					
	2018			2017		
	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*
Profit (loss) attributable to owners of the Company	**2,849,770**	**3,948**	**2,853,718**	(233,938)	5,386	(228,552)
Adjustments for:						
Finance costs	**64,683**	**–**	**64,683**	42,158	–	42,158
Depreciation of investment properties	**5,631**	**–**	**5,631**	5,936	–	5,936
Depreciation of property and equipment	**166,141**	**14,020**	**180,161**	141,659	9,780	151,439
Release of prepaid lease payments	**21,156**	**213**	**21,369**	27,022	197	27,219
Amortisation of other intangible assets	**16,584**	**905**	**17,489**	16,584	835	17,419
Loss (gain) on disposal of property and equipment	**370**	**(172)**	**198**	13	–	13
Allowance for doubtful debts	**9,946**	**–**	**9,946**	–	–	–
Allowance for other receivables	**27,954**	**–**	**27,954**	–	–	–
Allowance for inventories	**5,146**	**–**	**5,146**	291	–	291
Exchange (gain) loss arising from non-operating activities	**(54)**	**(8)**	**(62)**	391	(27)	364
Pre-opening expenses *(remark)*	**–**	**–**	**–**	48,045	–	48,045
Bank interest income	**(7,011)**	**–**	**(7,011)**	(63)	–	(63)
Gain on disposal of a subsidiary	**(3,430,078)**	**–**	**(3,430,078)**	–	–	–
Compensation income	**(782)**	**–**	**(782)**	–	–	–
Income tax expenses	**413,119**	**39,076**	**452,195**	(2,428)	38,902	36,474
Adjusted EBITDA	**142,575**	**57,982**	**200,557**	45,670	55,073	100,743

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					
	2018			2017		
	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	**242,064**	**92,598**	**334,662**	115,630	89,173	204,803
Non-gaming operations	**(75,619)**	**(34,616)**	**(110,235)**	(38,511)	(34,100)	(72,611)
Sub-total	**166,445**	**57,982**	**224,427**	77,119	55,073	132,192
Unallocated corporate expenses*	**(23,870)**	**–**	**(23,870)**	(31,449)	–	(31,449)
Adjusted EBITDA	**142,575**	**57,982**	**200,557**	45,670	55,073	100,743

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

Adjusted EBITDA from operations of the Group excluding Savan Legend and unallocated corporate expenses, mainly arising from the operations at The Landmark Macau and MFW Group, for the six months ended 30 June 2018 increased by approximately 115.8% to approximately HK$166.4 million when compared to the last corresponding period. Adjusted EBITDA of Savan Legend increased by approximately 5.3% to approximately HK$58.0 million for the period ended 30 June 2018 from approximately HK$55.1 million for the period ended 30 June 2017.

The Group's profit for the six months ended 30 June 2018 was approximately HK$2,853.7 million, when compared to the corresponding loss of approximately HK$228.6 million in the last corresponding period. The significant increase in profit for the six months ended 30 June 2018 was mainly due to (i) gain on disposal of a subsidiary after the completion of the Disposal in April 2018 and (ii) the recovering gaming performance with positive effort on expenses streamline.

Dividend

The Board has declared a special dividend of HK8 cents per Share, amounting to approximately HK$501.4 million, and was made payable on 12 July 2018. The Board does not declare any interim dividend for the six months ended 30 June 2018 (2017: nil).

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 2018 and 2017, the Group had the following number of gaming tables and slot machines in its casinos which were put into operation:

	At 30 June 2018					At 30 June 2017				
	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	**54**	**18**	**49**	**45**	**166**	60	28	48	49	185
VIP tables	**7**	**8**	**25**	**18**	**58**	17	7	11	23	58
Total gaming tables	**61**	**26**	**74**	**63**	**224**	77	35	59	72	243
Slot machines	**–**	**53**	**88**	**406**	**547**	141	62	80	446	729

As at 30 June 2018, the Group had a total of 194 gaming tables in Macau (30 June 2017: 194), of which 161 (30 June 2017: 171) were put into operation. The Group had 63 (30 June 2017: 72) gaming tables which were put into operation in the Lao PDR. During the six months ended 30 June 2018, operations of slot machines at Pharaoh's Palace Casino has been terminated. As at 30 June 2018, no slot machine was installed at Pharaoh's Palace Casino.

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 2018 and 2017:

Mass Market Tables

	Pharaoh's Palace Casino For the six months ended 30 June			Babylon Casino For the six months ended 30 June			Legend Palace Casino For the six months ended 30 June			Savan Legend Casino For the six months ended 30 June		
	2018	2017	Change	**2018**	2017	Change	**2018**	2017	Change	**2018**	2017	Change
	HK$'000	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*
Games drop	**1,665,691**	1,995,436	(16.5)	**474,788**	545,644	(13.0)	**3,031,474**	1,243,821	143.7	**230,716**	228,637	0.9
Net win	**305,456**	389,642	(21.6)	**83,110**	81,533	1.9	**462,329**	207,885	122.4	**60,969**	53,068	14.9
Hold rate	**18.34%**	19.53%	(1.2)	**17.50%**	14.94%	2.6	**15.25%**	16.71%	(1.5)	**26.43%**	23.21%	3.2
Average number of tables	**57**	60	(5.0)	**18**	29	(37.9)	**49**	46	6.5	**49**	47	4.3
Net win per table per day	**30**	36	(16.7)	**26**	16	62.5	**52**	37	40.5	**7**	6	16.7

VIP Tables

	Pharaoh's Palace Casino For the six months ended 30 June			Babylon Casino For the six months ended 30 June			Legend Palace Casino For the six months ended 30 June			Savan Legend Casino For the six months ended 30 June		
	2018	2017	Change	**2018**	2017	Change	**2018**	2017	Change	**2018**	2017	Change
	HK$'000	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*
Games turnover	**4,617,685**	8,218,535	(43.8)	**270,283**	459,098	(41.1)	**10,960,246**	1,787,717	513.1	**1,723,821**	2,054,286	(16.1)
Net win	**155,971**	298,967	(47.8)	**23,133**	23,704	(2.4)	**345,497**	32,857	951.5	**55,360**	43,620	26.9
Win percentage	**3.38%**	3.64%	(0.3)	**8.56%**	5.16%	3.4	**3.15%**	1.84%	1.3	**3.21%**	2.12%	1.1
Average number of tables	**9**	20	(55.0)	**7**	12	(41.7)	**23**	12	91.7	**17**	30	(43.3)
Net win per table per day	**96**	83	15.7	**18**	11	63.6	**83**	22	277.3	**18**	8	125.0

Slot Machines

	Pharaoh's Palace Casino For the six months ended 30 June			Babylon Casino For the six months ended 30 June			Legend Palace Casino For the six months ended 30 June			Savan Legend Casino For the six months ended 30 June		
	2018	2017	Change	**2018**	2017	Change	**2018**	2017	Change	**2018**	2017	Change
	HK$'000	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*
Slot handle	**–**	196,330	N/A	**26,406**	18,254	44.7	**125,793**	98,561	27.6	**1,057,870**	1,321,418	(19.9)
Net win	**–**	12,887	N/A	**1,463**	1,178	24.2	**6,760**	6,757	0.1	**45,196**	50,040	(9.7)
Hold rate	**–**	6.56%	N/A	**5.54%**	6.45%	(0.9)	**5.37%**	6.86%	(1.5)	**4.27%**	3.79%	0.5
Average number of slot machines	**–**	142	N/A	**41**	65	(36.9)	**88**	72	22.2	**413**	463	(10.8)
Net win per slot machines per day	**–**	0.5	N/A	**0.2**	0.1	100.0	**0.4**	0.8	(50.0)	**0.6**	0.6	–

B. Non-gaming Operations

For the six months ended 30 June 2018, the Group recorded a total non-gaming revenue of approximately HK$277.4 million, decreased by approximately HK$15.3 million or approximately 5.2% below that of the last corresponding period of approximately HK$292.7 million.

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

	Six months ended 30 June					
	2018			2017		
	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*
Rental income from hotel rooms	**132,161**	**1,571**	**133,732**	121,830	1,168	122,998
Licensing income from investment properties	**40,277**	**110**	**40,387**	51,855	96	51,951
Income from building management services	**20,740**	**–**	**20,740**	31,651	–	31,651
Food and beverage	**68,646**	**5,620**	**74,266**	69,462	7,280	76,742
Sales of merchandise	**3,854**	**157**	**4,011**	7,182	–	7,182
Others	**3,824**	**425**	**4,249**	1,463	736	2,199
Total revenue from non-gaming operations	**269,502**	**7,883**	**277,385**	283,443	9,280	292,723

The decrease in non-gaming revenue was primarily due to the decrease in revenue of approximately HK$30.7 million contributed by The Landmark Macau after the Disposal and offset by the increase in hotel and food and beverage revenue contributed by Harbourview Hotel of approximately HK$18.9 million, for the six months ended 30 June 2018.

The following table sets out certain key operational data on our major hotel operations of the Group for the six months ended 30 June 2018 and 2017:

	Six months ended 30 June	
	2018	2017
The Landmark Macau*		
Occupancy rate (%)	**87.2**	79.7
ADR (HK$)	**1,080.3**	979.3
REVPAR (HK$)	**942.0**	780.5
Harbourview Hotel		
Occupancy rate (%)	**94.4**	82.7
ADR (HK$)	**928.0**	829.7
REVPAR (HK$)	**876.0**	686.2
Legend Palace Hotel		
Occupancy rate (%)	**95.7**	77.5
ADR (HK$)	**1,625.7**	1,418.4
REVPAR (HK$)	**1,555.8**	1,099.3

* The operational data for The Landmark Macau only covered the period from 1 January 2018 to 27 April 2018.

C. Corporate and Business Updates

(a) MFW Redevelopment

Legendale Hotel

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.

(b) Disposal of NML

In November 2017, the Group entered into a sale and purchase agreement with, among others, the Purchasers, pursuant to which the Purchasers agreed to purchase the entire issued share capital in NML and all obligations, liabilities and debts owing or incurred by NML to Hong Hock for a consideration of HK$4,600,000,000. The Disposal was completed on 27 April 2018. Further details of the Disposal are set out in the Company's announcement dated 9 November 2017, circular dated 22 December 2017 and announcement dated 27 April 2018, respectively.

(c) An Investment Project in Cape Verde

On 22 July 2015, the Company entered into agreements with the Government of Cape Verde for an investment project in Cape Verde, with an investment amount of approximately €250 million (equivalent to approximately HK$2,150 million). Further details of an investment project in Cape Verde are set out in the Company's announcement dated 22 July 2015.

With the completion of superstructure work of the office building in 2017, the Group shall revisit the construction plan of the hotel and casino complex.

Outlook

The Group's financial performance in the first half of 2018 was benefited from a gain from the Disposal. The Group's revenue and Adjusted EBITDA were also improved in the period with the casino operations at both the Legend Palace Hotel in Macau and the Savan Legend Resorts in Lao PDR delivering solid results.

After the Disposal, the Group has completed the consolidation of all of its Macau's operations at MFW and will focus its effort on the continued improvement and repositioning of MFW within the Peninsula market. This will include new gaming and non-gaming facilities, expanded F&B and entertainment offerings as well as promotional activities targeting both the tourist and mass gaming markets.

Proceeds from the Disposal have improved the overall liquidity of the Group and will provide additional capital to facilitate the expansion of the business within and outside of Macau over the next several years. The Group will phase each of its new projects to better manage risk and liquidity and to ensure the new projects are developed in line with the growth in the tourism related infrastructure and tourism markets in each specific country.

In Lao PDR, Savan Legend Resorts has contributed Adjusted EBITDA in line with expectations and the Group is currently considering an expansion of the hotel, gaming and non-gaming facilities at this project.

In Cape Verde, the Group, with the completion of superstructure work of the office building in 2017, is now revisiting the overall construction plan of the hotel and casino complex, in order to meet the requirements of the Group's future business strategy.

In terms of expansion into tourism and tourism related projects outside of Macau, the Group will continue to focus on destinations in South East Asia which are consistent with the "One Belt, One Road Policy" from the Government of the PRC. The Group will also focus on Portuguese speaking countries, like Cape Verde, that make use of the "Sino-Luso Platform Policy".

The second half of the year will remain susceptible to several factors. The opening of the Hong Kong – Zhuhai – Macau bridge should be a positive factor for visitation to Macau and help better connect the city to the airport in Hong Kong and to both regional and international visitors. On the other hand, there are uncertainties with the overall regional economic situation and this is not being helped by the current global trade disputes.

With the upcoming expiry of current gaming licences in 2020 and 2022, the Group shall pay close attention to policy development of Macau Government, in order to ensure that the Group can continue to participate in gaming business in Macau in the future.

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 2018, the consolidated net assets attributable to owners of the Company amounted to approximately HK$8,579.0 million, representing an increase of approximately HK$2,342.7 million from approximately HK$6,236.3 million as at 31 December 2017. The increase in consolidated net assets during the six months ended 30 June 2018 was mainly due to the Group's profit for the period of approximately HK$2,853.7 million.

Bank balances and cash

As at 30 June 2018, bank balances and cash held by the Group amounted to approximately HK$2,407.3 million (including pledged bank deposits of approximately HK$8.1 million), which was denominated mainly in HK$ 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.

During the period ended 30 June 2018, the Group has received the remaining proceeds of the Disposal, bringing a significant increase in bank balances and cash.

Borrowings

As at 30 June 2018, the Group had outstanding (i) secured and guaranteed bank borrowings of approximately HK$1,962.4 million, and (ii) unsecured and unguaranteed, interest-free other borrowings of approximately HK$97.5 million.

Charge on the Group's Assets

As at 30 June 2018, 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$334.5 million (31 December 2017: approximately HK$450.6 million), buildings with a total carrying amount of approximately HK$4,617.1 million (31 December 2017: approximately HK$5,059.7 million), prepaid lease payments with a total carrying amount of approximately HK$1,300.6 million (31 December 2017: approximately HK$1,710.6 million), trade receivables of approximately HK$100.4 million (31 December 2017: approximately HK$164.4 million) and bank deposits of approximately HK$8.1 million (31 December 2017: approximately HK$8.1 million).

Gearing

The Group's net gearing ratio (expressed as a percentage of total borrowings (eg. bank and other borrowings and loans from a shareholder) minus cash (eg. pledged bank deposits and bank balances and cash) over total equity. As at 30 June 2018, the Group's cash on hands outweighed total borrowings, hence, the Group has net cash position. The Group's net gearing ratio for the year ended 31 December 2017 also accounted for cash on hands, resulted with gearing ratio of approximately 48.0%.

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 2018.

Employees and Remuneration Policies

As at 30 June 2018, the Group had a total of approximately 3,976 employees, including approximately 1,055 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 2018, 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 2018 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.

DEFINITIONS

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

"Adjusted EBITDA"	the Group's earnings before bank 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, allowances for inventories and doubtful debts, gain on disposal of subsidiary, compensation income. pre-opening expenses and one-off costs/income incurred or associated with corporate exercises, where applicable
"ADR"	average daily room rate
"Board"	the board of Directors

"Cape Verde"	the Republic of Cabo Verde
"CG Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Company"	Macau Legend Development Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
"Directors"	the directors of the Company
"Disposal"	the disposal of (i) 100% equity interest in NML and (ii) all obligations, liabilities, and debts owing or incurred by NML to Hong Hock, to independent third parties, at the consideration of HK$4.6 billion
"Disposal Date"	27 April 2018
"Executive Directors"	the executive directors of the Company
"Group"	the Company and its subsidiaries
"HK$"	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
"Macau"	Macau Special Administrative Region, 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
"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 and 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
"NML"	New Macau Landmark Management Limited, a company incorporated in Macau, legal owner of The Landmark Macau
''PRC''	the People's Republic of China
''Purchasers''	independent third parties which entered into a sale and purchase agreement with the Group for the Disposal
"REVPAR"	revenue per available room
"Savan Legend"	Savan Legend Resorts Sole Company Limited, a company incorporated in the Lao PDR and a wholly-owned subsidiary of the Company, which operates Savan Legend Resorts
"Savan Legend Casino"	a casino operated by Savan Legend inside Savan Legend Resorts

"Savan Legend Resorts"	Savan Legend Resorts Hotel and Entertainment Complex
"Service Agreement"	the service agreement dated 25 September 2006 and its related amendments entered into between Hong Hock and SJM, under which the Group provides gaming services to SJM in 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
"€"	Euro, the lawful currency of the European Union
"%"	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, 28 August 2018

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.