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 2019

RESULTS

The Board announces the unaudited consolidated interim results of the Group for the six months ended 30 June 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Six months ended 30 June	
	Notes	**2019** ***HK$'000*** ***(unaudited)***	2018 *HK$'000* *(unaudited)*
REVENUE	*3*	**1,081,772**	951,593
Cost of sales and services		**(835,427)**	(646,442)
		246,345	305,151
Other income, gains and losses		**31,414**	13,290
Gain on disposal of a subsidiary		–	3,430,078
Share of results of an associate		**(877)**	–
Impairment losses on financial assets		**(444)**	(37,900)
Marketing and promotional expenses		**(121,060)**	(96,820)
Operating, administrative and other expenses		**(200,632)**	(243,203)
Finance costs	*5*	**(46,184)**	(64,683)

* *for identification purposes only*

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

For the six months ended 30 June 2019

	Notes	Six months ended 30 June **2019** ***HK$'000*** ***(unaudited)***	 2018 *HK$'000* *(unaudited)*
(LOSS) PROFIT BEFORE TAXATION	*6*	**(91,438)**	3,305,913
Income tax expenses	*7*	**(16,059)**	(452,195)
(LOSS) PROFIT FOR THE PERIOD		**(107,497)**	2,853,718
Other comprehensive income (expense):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations			
– subsidiaries		**20,670**	(9,616)
– an associate		**(4,469)**	–
Total other comprehensive income (expense) for the period		**16,201**	(9,616)
TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE PERIOD		**(91,296)**	2,844,102
(Loss) earnings per Share	*9*		
– Basic (HK cents)		**(1.7)**	45.5

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Notes	At 30 June 2019 HK$'000 (unaudited)	At 31 December 2018 HK$'000 (audited)
NON-CURRENT ASSETS			
Investment properties		**323,239**	328,870
Property and equipment		**6,363,869**	6,454,850
Right-of-use assets		**1,361,154**	–
Prepaid lease payments		–	1,256,559
Other intangible assets		**149,187**	156,387
Investment in an associate	*10*	**50,975**	–
Loan to an associate	*10*	**29,060**	–
Deposits paid		**754,549**	751,112
Financial assets at FVTPL		**203,879**	200,000
		9,235,912	9,147,778
CURRENT ASSETS			
Inventories		**28,613**	30,680
Prepaid lease payments		–	42,728
Trade and other receivables	*11*	**360,307**	317,528
Pledged bank deposits		**1,671**	6,525
Short-term bank deposits		–	2,077
Bank balances and cash		**997,279**	1,445,855
		1,387,870	1,845,393
CURRENT LIABILITIES			
Trade and other payables	*12*	**486,622**	673,028
Taxation payable		**425,867**	415,925
Bank and other borrowings – due within one year		**250,650**	231,542
Lease liabilities		**2,571**	–
		1,165,710	1,320,495
NET CURRENT ASSETS		**222,160**	524,898
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,458,072**	9,672,676

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2019

	At 30 June 2019 ***HK$'000*** ***(unaudited)***	At 31 December 2018 *HK$'000* *(audited)*
NON-CURRENT LIABILITIES		
Bank borrowings – due after one year	**1,675,789**	1,822,170
Lease liabilities	**81,521**	–
Deferred tax liabilities	**155,311**	158,564
	1,912,621	1,980,734
NET ASSETS	**7,545,451**	7,691,942
CAPITAL AND RESERVES		
Share capital	**625,272**	626,758
Reserves	**6,920,179**	7,065,184
TOTAL EQUITY	**7,545,451**	7,691,942

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 2019 are the same as those followed in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2018.

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 mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Transition and summary of effects arising from initial application of HKFRS 16 "Leases"

As a lessee

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Right-of-use assets *HK$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	83,274
Reclassified from prepaid lease payments (Note)	1,299,287
	1,382,561
By class:	
Leasehold lands	1,379,911
Leasehold lands and buildings	2,650
	1,382,561

Note:

Upfront payments for leasehold lands in Macau and Lao PDR were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to HK$42,728,000 and HK$1,256,559,000 respectively were reclassified to right-of-use assets.

As a lessee (continued)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 *HK$'000*	Adjustment *HK$'000*	Carrying amounts at 1 January 2019 *HK$'000*
Non-Current Assets			
Prepaid lease payments	1,256,559	(1,256,559)	–
Right-of-use assets	–	1,382,561	1,382,561
Current Asset			
Prepaid lease payments	42,728	(42,728)	–
Current Liability			
Lease liabilities	–	(2,085)	(2,085)
Non-Current Liability			
Lease liabilities	–	(81,189)	(81,189)

Note:

For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

3. REVENUE

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

	Six months ended 30 June	
	2019	2018
	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 the VIE Structure in respect of:		
– Mass market tables	**640,750**	466,828
– VIP tables*	**109,821**	80,489
– Slot machines	**3,984**	3,298
	754,555	550,615
(ii) from operation of a casino in respect of:		
– Mass market tables	**56,479**	57,572
– VIP tables	**13,078**	22,337
– Slot machines	**43,428**	43,684
	112,985	123,593
	867,540	674,208
Revenue from non-gaming related operations:		
Rental income from hotel rooms	**90,061**	133,732
Income from building management services	**7,034**	20,740
	97,095	154,472
Food and beverage	**72,765**	74,266
Sales of merchandise	**2,575**	4,011
Others	**9,520**	4,249
	84,860	82,526
Licensing income from investment properties	**32,277**	40,387
	214,232	277,385
	1,081,772	951,593

* 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 MFW and Savan Legend Resorts (The Landmark Macau was disposed of on 27 April 2018), 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 2019 (unaudited)

	Gaming	Non-gaming	Segment total	Elimination	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
External revenue	**867,540**	**214,232**	**1,081,772**	**–**	**1,081,772**
Inter-segment revenue	**–**	**66,420**	**66,420**	**(66,420)**	**–**
Segment revenue	**867,540**	**280,652**	**1,148,192**	**(66,420)**	**1,081,772**
Segment profit (loss)	**194,326**	**(161,494)**	**32,832**	**–**	**32,832**
Unallocated depreciation and amortisation					**(45,288)**
Unallocated corporate expenses					**(31,921)**
Share of results of an associate					**(877)**
Finance costs					**(46,184)**
Loss before taxation					**(91,438)**

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

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 represent the results of each segment without allocation of depreciation of certain investment properties, right-of-use assets and 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, share of results of an associate and finance costs. Unallocated corporate expenses include directors' remuneration paid or payable by the Company and certain administrative expenses for corporate use. This is the measure reported to the Executive Directors for the purposes of resource allocation and performance assessment.

No analysis of the Group's assets and liabilities by operating and reportable segments is disclosed as it is not regularly provided to the Executive Directors for review.

5. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Interest on bank borrowings	**39,819**	37,966
Interest on loans from a shareholder	**–**	12,003
Interest on lease liabilities	**2,339**	–
Amortisation of finance costs on bank borrowings and other finance costs	**4,026**	14,714
	46,184	64,683

6. (LOSS) PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
(Loss) profit before taxation has been arrived at after charging:		
Allowance for inventories (included in cost of sales and services)	**1,087**	5,146
Amortisation of other intangible assets (included in cost of sales and services of HK$906,000 (2018: HK$905,000) and operating, administrative and other expenses of HK$11,102,000 (2018: HK$16,584,000))	**12,008**	17,489
Cost of inventories recognised as an expense (included in cost of sales and services)	**52,150**	41,822
Depreciation of investment properties	**5,631**	5,631
Depreciation of property and equipment	**177,494**	180,161
Depreciation of right-of-use assets (included in cost of sales and services of HK$21,368,000 and operating, administrative and other expenses of HK$2,142,000)	**23,510**	–
Loss on disposal of property and equipment	**288**	198
Minimum lease payments under operating leases in respect of leasehold land and buildings	**–**	1,998
Release of prepaid lease payments	**–**	21,369
And after crediting:		
Gross licensing income from investment properties	**(32,277)**	(40,387)
Less: Direct operating expenses that generate licensing income from investment properties	**5,631**	5,631
Net licensing income from investment properties	**(26,646)**	(34,756)
Bank interest income	**(20,193)**	(7,011)
Net exchange gain	**(1,797)**	(573)
Gain on change in fair value of financial assets at FVTPL	**(3,879)**	–

7. INCOME TAX EXPENSES

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Current tax charges		
– Macau Complementary Tax	**(194)**	(416,372)
– Lao PDR Flat Tax	**(19,118)**	(39,076)
	(19,312)	(455,448)
Deferred taxation credit	**3,253**	3,253
Income tax expenses	**(16,059)**	(452,195)

8. DIVIDEND

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
2018 special dividend of HK$0.08 per ordinary Share	**–**	501,406

The Directors have determined that no dividend will be declared and paid in respect of the interim period in 2019.

9. (LOSS) EARNINGS PER SHARE

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

(Loss) earnings

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
(Loss) profit for the period for the purpose of basic (loss) earnings per Share	**(107,497)**	2,853,718

Number of Shares

	Six months ended 30 June	
	2019	2018
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per Share	**6,262,528**	6,267,576

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

10. INVESTMENT IN AN ASSOCIATE/LOAN TO AN ASSOCIATE

On 27 February 2019, the Group entered into a sale and purchase agreement pursuant to which the Group has agreed to acquire and Raising Investment and Lai Va Investment (the "**Sellers**") have agreed to sell 21.5% of the share capital of Lai Ieng Investment and the shareholders' loans granted by the Sellers to Lai Ieng Investment, at a total consideration of HK$85,381,000, including related transaction costs (the "**Acquisition**"). Lai Ieng Investment together with its wholly-owned subsidiary are principally engaged in land development, sale, leasing and management of the self-built commercial buildings in the PRC, and is operating a property development project in the PRC. The Acquisition was completed on 16 April 2019 in according with the terms and conditions as set out in the sale and purchase agreement. Further details of the Acquisition were set out in announcement of the Company dated 27 February 2019.

	At 30 June 2019
	HK$'000
Cost of investment in an associate unlisted	**56,321**
Share of post-acquisition loss	**(877)**
Share of post-acquisition other comprehensive expense	**(4,469)**
	50,975

As at 30 June 2019, loan to an associate with a principal amount of HK$29,060,000 arising from the Acquisition is unsecured, interest-free and has no fixed terms of repayment. In the opinion of the Directors, the Group has no intention to request for repayment of the loan within the twelve months from the end of the reporting period. Accordingly, the loan is classified as non-current asset.

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2019	At 31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Trade receivables	**221,225**	207,815
Less: Impairment allowance	**(51,134)**	(50,584)
	170,091	157,231
Other receivables and deposits	**68,602**	95,347
Less: Impairment allowance	**(43,997)**	(58,003)
	24,605	37,344
Chips on hand	**51,899**	41,660
Prepayments	**81,470**	34,755
Receivables from gaming operator received on behalf of gaming promoters	**32,242**	46,538
Total trade and other receivables	**360,307**	317,528

At the end of the reporting period, the trade receivables included receivables from individual VIP gaming patrons of HK$25,276,000 (31 December 2018: HK$16,866,000).

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

	At 30 June 2019	At 31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Within 3 months	**112,117**	145,926
Over 3 months but within 6 months	**46,323**	2,270
Over 6 months but within 1 year	**6,087**	5,385
Over 1 year	**5,564**	3,650
	170,091	157,231

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 2019 ***HK$'000*** ***(unaudited)***	At 31 December 2018 *HK$'000* *(audited)*
Trade payables	**75,015**	49,476
Construction and retention payables	**122,350**	234,660
Other payables	**126,593**	149,789
Amounts due to gaming promoters	**16,054**	23,518
Deposits received from tenants	**28,456**	27,679
Deposits received from gaming promoters	**3,000**	13,000
Accrued staff costs	**86,530**	120,896
Other sundry accruals	**28,624**	54,010
Total trade and other payables	**486,622**	673,028

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 2019 ***HK$'000*** ***(unaudited)***	At 31 December 2018 *HK$'000* *(audited)*
Within 3 months	**73,521**	48,933
Over 3 months but within 6 months	**1,442**	490
Over 6 months but within 1 year	**–**	1
Over 1 year	**52**	52
	75,015	49,476

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Interim Results

For the six months ended 30 June 2019, the Group achieved a total reported revenue of approximately HK$1,081.8 million, representing an increase of approximately HK$130.2 million or approximately 13.7% over that of the last corresponding period of approximately HK$951.6 million.

A. Gaming Services

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

Legend Palace Casino

	Mass Market Tables For the six months ended 30 June			**VIP Tables* For the six months ended 30 June**			**Slot Machines For the six months ended 30 June**		
	2019	2018	Change	**2019**	2018	Change	**2019**	2018	Change
	HK$'000	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*
Games drop	**2,948,411**	2,454,749	20.1	**6,620,190**	10,960,246	(39.6)	**148,812**	125,793	18.3
Net win	**564,325**	453,495	24.4	**231,008**	345,497	(33.1)	**7,970**	6,760	17.9
Hold rate	**19.14%**	18.47%	0.7	**3.49%**	3.15%	0.34	**5.36%**	5.37%	(0.01)
Average number of tables/ slot machines	**54**	47	14.9	**20**	23	(13.0)	**109**	88	23.9
Net win per table/ slot machine per day	**58**	54	7.4	**64**	83	(22.9)	**0.4**	0.4	–
Reported revenue	**316,184**	254,281	24.3	**85,913**	49,355	74.1	**3,188**	2,711	17.6
No. of gaming tables/ slot machines in operation as of period end	**57**	49	16.3	**19**	25	(24.0)	**109**	88	23.9

Babylon Casino

	Mass Market Tables For the six months ended 30 June			**VIP Tables* For the six months ended 30 June**			**Slot Machines For the six months ended 30 June**		
	2019	2018	Change	**2019**	2018	Change	**2019**	2018	Change
	HK$'000	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*
Games drop	**604,492**	398,210	51.8	**652,234**	270,283	141.3	**27,549**	26,406	4.3
Net win	**100,768**	82,006	22.9	**40,227**	23,133	73.9	**1,997**	1,463	36.5
Hold rate	**16.67%**	20.59%	(3.92)	**6.17%**	8.56%	(2.39)	**7.25%**	5.54%	1.71
Average number of tables/ slot machines	**18**	16	12.5	**7**	7	–	**44**	41	7.3
Net win per table/ slot machine per day	**31**	28	10.7	**32**	18	77.8	**0.3**	0.2	50.0
Reported revenue	**55,940**	45,711	22.4	**22,059**	13,039	69.2	**796**	587	35.6
No. of gaming tables/ slot machines in operation as of period end	**21**	18	16.7	**7**	8	(12.5)	**44**	53	(17.0)

Landmark Casino

	Mass Market Tables For the six months ended 30 June			VIP Tables* For the six months ended 30 June			Slot Machines For the six months ended 30 June		
	2019	2018	Change	**2019**	2018	Change	**2019**	2018	Change
	HK$'000	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*
Games drop	**2,129,093**	1,665,691	27.8	**2,983,000**	4,617,685	(35.4)	**–**	–	–
Net win	**488,410**	305,456	59.9	**92,434**	155,971	(40.7)			
Hold rate	**22.94%**	18.34%	4.60	**3.10%**	3.38%	(0.28)	**–**	–	–
Average number of tables/ slot machines	**66**	57	15.8	**6**	9	(33.3)	**–**	–	–
Net win per table/ slot machine per day	**41**	30	36.7	**85**	96	(11.5)	**–**	–	–
Reported revenue	**268,626**	166,836	61.0	**1,849**	18,095	(89.8)	**–**	–	–
No. of gaming tables/ slot machines in operation as of period end	**66**	54	22.2	**6**	7	(14.3)	**–**	–	–

Savan Legend Casino

	Mass Market Tables For the six months ended 30 June			VIP Tables For the six months ended 30 June			Slot Machines For the six months ended 30 June		
	2019	2018	Change	**2019**	2018	Change	**2019**	2018	Change
	HK$'000	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*
Games drop	**197,613**	230,716	(14.3)	**1,932,820**	1,723,821	12.1	**1,026,442**	1,057,870	(3.0)
Net win	**55,504**	60,969	(9.0)	**57,039**	55,360	3.0	**43,112**	45,196	(4.6)
Hold rate	**28.09%**	26.43%	1.66	**2.95%**	3.21%	(0.26)	**4.20%**	4.27%	(0.07)
Average number of tables/ slot machines	**42**	49	(14.3)	**18**	17	5.9	**393**	413	(4.8)
Net win per table/ slot machine per day	**7**	7	–	**18**	18	–	**0.6**	0.6	–
Reported revenue	**56,479**	57,572	(1.9)	**13,078**	22,337	(41.5)	**43,428**	43,684	(0.6)
No. of gaming tables/ slot machines in operation as of period end	**37**	45	(17.8)	**18**	18	–	**390**	406	(3.9)

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Total reported revenue for gaming services		
Mass Market Tables	**697,229**	524,400
VIP Tables*	**122,899**	102,826
Slot Machines	**47,412**	46,982
	867,540	674,208

* 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 2019, gaming revenue of the Group increased by approximately 28.7% to approximately HK$867.5 million 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$98.9 million, (ii) increase in reported revenue contributed by Babylon Casino of approximately HK$19.5 million and (iii) increase in reported revenue contributed by Landmark Casino of approximately HK$85.5 million, which was offset by the decrease in reported revenue contributed by Savan Legend Casino of approximately HK$10.6 million.

As at 30 June 2019, the Group had a total of 194 gaming tables in Macau (30 June 2018: 194), of which 176 (30 June 2018: 161) were put into operation. The Group had 55 (30 June 2018: 63) gaming tables which were put into operation in the Lao PDR.

B. Non-gaming Operations

For the six months ended 30 June 2019, the Group recorded a total non-gaming revenue of approximately HK$214.2 million, decreased by approximately HK$63.2 million or approximately 22.8% below that of the last corresponding period of approximately HK$277.4 million.

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

	Six months ended 30 June					
	2019			2018		
	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	**86,836**	**3,225**	**90,061**	132,161	1,571	133,732
Licensing income from investment properties	**32,009**	**268**	**32,277**	40,277	110	40,387
Income from building management services	**7,034**	**–**	**7,034**	20,740	–	20,740
Food and beverage	**65,279**	**7,486**	**72,765**	68,646	5,620	74,266
Sales of merchandise	**2,507**	**68**	**2,575**	3,854	157	4,011
Others	**8,300**	**1,220**	**9,520**	3,824	425	4,249
Total revenue from non-gaming operations	**201,965**	**12,267**	**214,232**	269,502	7,883	277,385

The decrease in non-gaming revenue was primarily due to the decrease in revenue of approximately HK$69.2 million contributed by The Landmark Macau after the Disposal.

The following table sets out certain key operational data on our major hotel operations of the Group for the six months ended 30 June 2019 and 2018:

	For the six months ended					
	30 June 2019			30 June 2018		
	Legend Palace Hotel	**Harbourview Hotel**	**Landmark Hotel**	Legend Palace Hotel	Harbourview Hotel	Landmark Hotel
Occupancy rate (%)	**94**	**90**	**N/A**	96	94	87
ADR (HK$)	**1,608**	**988**	**N/A**	1,626	928	1,080
REVPAR (HK$)	**1,512**	**889**	**N/A**	1,556	876	942

Adjusted EBITDA

Adjusted EBITDA for the six months ended 30 June 2019 was approximately HK$151.5 million, representing a decrease of approximately HK$49.1 million or approximately 24.5% over that of the last corresponding period of approximately HK$200.6 million. The following table reconciles the Adjusted EBITDA to the profit (loss) attributable to owners of the Company:

	Six months ended 30 June					
	2019			2018		
	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	**(128,326)**	**20,829**	**(107,497)**	2,849,770	3,948	2,853,718
Adjustments for:						
Finance costs	**46,184**	**–**	**46,184**	64,683	–	64,683
Depreciation of investment properties	**5,631**	**–**	**5,631**	5,631	–	5,631
Depreciation of property and equipment	**165,607**	**11,887**	**177,494**	166,141	14,020	180,161
Depreciation of right-of-use assets	**23,296**	**214**	**23,510**	–	–	–
Release of prepaid lease payments	**–**	**–**	**–**	21,156	213	21,369
Amortisation of other intangible assets	**11,102**	**906**	**12,008**	16,584	905	17,489
Loss (gain) on disposal of property and equipment	**30**	**258**	**288**	370	(172)	198
Impairment loss on financial assets	**444**	**–**	**444**	37,900	–	37,900
Allowance for inventories	**1,087**	**–**	**1,087**	5,146	–	5,146
Gain on change in fair value of financial assets at FVTPL	**(3,879)**	**–**	**(3,879)**	–	–	–
Exchange (gain) loss arising from non-operating activities	**2**	**(397)**	**(395)**	(54)	(8)	(62)
Share of results of an associate	**877**	**–**	**877**	–	–	–
Bank interest income	**(20,193)**	**–**	**(20,193)**	(7,011)	–	(7,011)
Gain on disposal of a subsidiary	**–**	**–**	**–**	(3,430,078)	–	(3,430,078)
Compensation income	**(139)**	**–**	**(139)**	(782)	–	(782)
Income tax expenses	**(3,059)**	**19,118**	**16,059**	413,119	39,076	452,195
Adjusted EBITDA	**98,664**	**52,815**	**151,479**	142,575	57,982	200,557

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

	Six months ended 30 June					
	2019			2018		
	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[(1)]	**179,737**	**84,215**	**263,952**	204,451	92,598	297,049
Non-gaming operations[(1)]	**(49,207)**	**(31,400)**	**(80,607)**	(38,006)	(34,616)	(72,622)
Sub-total	**130,530**	**52,815**	**183,345**	166,445	57,982	224,427
Unallocated corporate expenses[(2)]	**(31,866)**	**–**	**(31,866)**	(23,870)	–	(23,870)
Adjusted EBITDA	**98,664**	**52,815**	**151,479**	142,575	57,982	200,557

Remarks:

1 Cost realignment between gaming and non-gaming segments was undergone in 2019; 2018 figures were adjusted in order to be comparable to that of 2019.

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

Adjusted EBITDA from operations of the Group excluding Savan Legend and unallocated corporate expenses, mainly arising from the operations at MFW Group, for the six months ended 30 June 2019 decreased by approximately 21.6% to approximately HK$130.5 million when compared to the last corresponding period. Excluding contribution of Landmark Casino and The Landmark Macau from the Group performance for both periods, overall Adjusted EBITDA of properties in MFW increased by approximately 22.2% to HK$123.3 million when compared to the last corresponding period.

The Group's loss for the six months ended 30 June 2019 was approximately HK$107.5 million, when compared to the corresponding profit of approximately HK$2,853.7 million in the last corresponding period. The significant decrease in profit for the six months ended 30 June 2019 was mainly due to (i) gain on disposal of a subsidiary after the completion of the Disposal was recognized in last corresponding period and (ii) decreased contributions from operations of Landmark Casino and The Landmark Macau.

Dividend

The Board does not declare any interim dividend for the six months ended 30 June 2019 (2018: nil). During the six months ended 30 June 2018, the Board has declared a special dividend of HK8 cents per Share, amounting to approximately HK$501.4 million, and was paid on 12 July 2018 (2019: nil).

Financial and Operational Reviews

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) An Investment Project in Hengqin

勵駿龐都廣場PONTO, the large-scale shopping complex in Hengqin held by a subsidiary of Lai Ieng investment, is expected to commence its operation by the end of 2019.

(c) An Investment Project in Cape Verde

The construction plan of the hotel and casino complex is currently being revisited. In the meantime, the exterior architectural work of the office building has commenced. A bridge and access road is now under construction to connect Santa Maria Islet and Praia. The structural bridge has been completed and final layers for the access roads and other landscaping works are expected to be completed by late 2019 as the first milestone of the project.

Outlook

The Group's revenue and Adjusted EBITDA contributed by MFW were also improved in the period with the casino operation at the Legend Palace Hotel in Macau delivering solid results.

In Macau, 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.

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, 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.

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 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 certain factors including uncertainties with the overall regional economic situation and 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 2019, the consolidated net assets attributable to owners of the Company amounted to approximately HK$7,545.5 million, representing a decrease of approximately HK$146.4 million from approximately HK$7,691.9 million as at 31 December 2018. The decrease in consolidated net assets during the six months ended 30 June 2019 was mainly due to the Group's loss for the period of approximately HK$107.5 million and the reduction in equity of approximately HK$55.1 million as result of share repurchases for the period.

Bank balances and cash

As at 30 June 2019, bank balances and cash held by the Group amounted to approximately HK$999.0 million (including pledged bank deposits of approximately HK$1.7 million), which was denominated mainly in HK$ 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.

Borrowings

As at 30 June 2019, the Group had outstanding (i) secured and guaranteed bank borrowings of approximately HK$1,818.5 million, and (ii) unsecured and unguaranteed, interest-free other borrowings of approximately HK$107.9 million.

Charge on the Group's Assets

As at 30 June 2019, 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$323.2 million (31 December 2018: approximately HK$328.9 million), buildings with a total carrying amount of approximately HK$4,482.4 million (31 December 2018: approximately HK$4,553.8 million), right-of-use assets (reclassified from prepaid lease payments since 1 January 2019) with a total carrying amount of approximately HK$1,258.9 million (31 December 2018: approximately HK$1,279.4 million), trade receivables of approximately HK$140.1 million (31 December 2018: approximately HK$130.0 million) and bank deposits of approximately HK$1.7 million (31 December 2018: approximately HK$6.5 million).

Gearing

The Group's net gearing ratio (expressed as a percentage of total borrowings minus cash (eg. pledged bank deposits, short-term bank deposits and bank balances and cash) over total equity. As at 30 June 2019, the Group's net gearing ratio was 12.3% (31 December 2018: 7.8%).

Purchase, Sale or Redemption of Listed Shares

During six months ended 30 June 2019, the Company repurchased a total of 45,465,000 Shares on the Stock Exchange. Among those repurchased shares, 14,859,000 Shares were cancelled during the six months ended 30 June 2019, and 30,606,000 Shares were subsequently cancelled in July 2019. Details of the repurchases are as follows:

Month of repurchase	Number of Shares repurchased	Price per Share		Aggregate consideration paid (including transaction costs)
		Highest	Lowest	
		HK$	*HK$*	*HK$ (in million)*
May 2019	3,990,000	1.23	1.21	4.9
June 2019	41,475,000	1.23	1.18	50.2
	45,465,000			55.1

Save for the above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the six months ended 30 June 2019.

Employees and Remuneration Policies

As at 30 June 2019, the Group had a total of approximately 4,104 employees, including approximately 1,140 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 2019, the Company has complied with the CG Code except for code provisions A.2.1 and A.4.1.

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.

Code provision A.4.1

Code provision A.4.1 of the CG Code stipulates that the non-executive directors should be appointed for a specific term and subject to re-election. Upon the expiry of his service contract, Mr Tong Ka Wing, Carl is not appointed for a specific term, but he is subject to retirement by rotation and re-election by shareholders at annual general meeting pursuant to the Articles of Association of the Company. Accordingly, the Board considers that such requirements are sufficient to meet the underlying objective of the said code provision A.4.1.

REVIEW OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company's unaudited condensed consolidated financial statements for the six months ended 30 June 2019 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 adjusted earnings before bank interest income, finance costs, income taxes, depreciation, amortisation and certain items
"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$4.6 billion which was completed on 27 April 2018
"Executive Directors"	the executive directors of the Company
"FVTPL"	Fair value through profit and loss
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"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
"Lai Ieng Investment"	Lai Ieng Investment Company Limited (勵盈投資有限公司), a company incorporated in Macau with limited liability on 3 September 2012 and was owned as to 70% by Raising Investment and 30% by Lai Va Investment before acquisition of 21.5% of the share capital of Lai Ieng Investment by the Group which was completed on 16 April 2019
"Lai Va Investment"	Lai Va Investment Company Limited (勵華投資有限公司), a company incorporated in Macau with limited liability on 2 September 2013 and owned by independent third parties
"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 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
"Raising Investment"	Raising Investment Company Limited (勵升投資有限公司), a company incorporated in Macau with limited liability on 23 July 2013 and is owned as to 55.7% by Mr. David Chow and his spouse and 28.6% by Innocity Limited (a company owned as to 50% by Mr Li Chi Keung and 50% by his spouse; Mr Li Chi Keung and his spouse control Elite Success International Limited, a substantial shareholder of the Company)
"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 Landmark Casino and Babylon Casino
"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, 22 August 2019

As at the date of this announcement, the executive Directors are Chow Kam Fai, David, Lam Fong Ngo (Chow Kam Fai, David as her alternate), 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.