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

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

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1680)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

RESULTS

The Board announces the audited consolidated annual results of the Group for the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
REVENUE	3	**2,359,666**	1,865,383
Cost of sales and services		**(1,785,833)**	(1,346,618)
		573,833	518,765
Other income, gains and losses	5	**95,283**	133,011
Gain on disposal of a subsidiary		**–**	3,430,078
Share of results of an associate		**(4,072)**	–
Impairment losses under expected credit loss model, net of reversal		**892**	(108,573)
Impairment loss on goodwill		**–**	(681,986)
Impairment losses on other intangible assets		**–**	(97,377)
Marketing and promotional expenses		**(260,269)**	(194,000)
Operating, administrative and other expenses		**(451,171)**	(439,393)
Finance costs	6	**(93,875)**	(109,344)
(LOSS) PROFIT BEFORE TAXATION	7	**(139,379)**	2,451,181
Income tax expenses	8	**(50,873)**	(485,075)
(LOSS) PROFIT FOR THE YEAR		**(190,252)**	1,966,106

* *for identification purposes only*

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

For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Other comprehensive income (expense):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations			
– Subsidiaries		**25,885**	(9,063)
– An associate		**(8,086)**	–
		17,799	(9,063)
TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE YEAR		**(172,453)**	1,957,043
(Loss) earnings per share			
– Basic (HK cents)	*10*	**(3.0)**	31.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	**At 31 December 2019** ***HK$'000***	At 31 December 2018 *HK$'000*
NON-CURRENT ASSETS			
Investment properties		**317,608**	328,870
Property and equipment		**6,298,789**	6,454,850
Right-of-use assets		**1,346,652**	–
Prepaid lease payments		**–**	1,256,559
Other intangible assets		**138,890**	156,387
Investment in an associate		**44,163**	–
Loan to an associate		**32,995**	–
Deposits paid		**783,259**	751,112
Financial assets at fair value through profit or loss		**211,376**	200,000
		9,173,732	9,147,778
CURRENT ASSETS			
Inventories		**28,391**	30,680
Prepaid lease payments		**–**	42,728
Trade and other receivables	*11*	**411,818**	317,528
Pledged bank deposits		**1,671**	6,525
Short-term bank deposits		**–**	2,077
Bank balances and cash		**1,564,226**	1,445,855
		2,006,106	1,845,393
CURRENT LIABILITIES			
Trade and other payables	*12*	**1,067,164**	673,028
Taxation payable		**452,381**	415,925
Bank and other borrowings – due within one year		**400,397**	231,542
Lease liabilities		**2,693**	–
		1,922,635	1,320,495
NET CURRENT ASSETS		**83,471**	524,898
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,257,203**	9,672,676

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2019

	At 31 December 2019 *HK$'000*	At 31 December 2018 *HK$'000*
NON-CURRENT LIABILITIES		
Bank borrowings – due after one year	**1,558,497**	1,822,170
Lease liabilities	**82,354**	–
Deferred tax liabilities	**152,058**	158,564
	1,792,909	1,980,734
NET ASSETS	**7,464,294**	7,691,942
CAPITAL AND RESERVES		
Share capital	**622,211**	626,758
Reserves	**6,842,083**	7,065,184
TOTAL EQUITY	**7,464,294**	7,691,942

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS9	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 and an interpretation in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these 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 for own use 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.

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

	Carrying amounts previously reported as at 31 December 2018 *HK$'000*	Adjustments *HK$'000*	Carrying amounts under HKFRS 16 as 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)

3. REVENUE

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

	2019	2018
	HK$'000	*HK$'000*
Revenue from gaming related operations:		
Recognised over time:		
(i) from provision of gaming related facilities and gaming related general management services under the Service Agreement and indirect participation in the gaming promotion business under the VIE Structure in respect of:		
– Mass market tables	**1,390,010**	958,037
– VIP tables*	**271,385**	161,565
– Slot machines	**8,331**	7,176
	1,669,726	1,126,778
Recognised at a point in time:		
(ii) from operation of a casino in respect of:		
– Mass market tables	**99,439**	109,205
– VIP tables	**44,893**	40,059
– Slot machines	**84,142**	81,898
	228,474	231,162
Total gaming revenue	**1,898,200**	1,357,940
Revenue from non-gaming related operations:		
Recognised over time:		
Income from hotel rooms	**188,577**	234,458
Income from building management services	**21,992**	21,528
	210,569	255,986

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

	2019 *HK$'000*	2018 *HK$'000*
Recognised at a point in time:		
Food and beverage	**161,624**	157,831
Sales of merchandise	**4,156**	7,394
Others	**18,063**	13,392
	183,843	178,617
For operating leases:		
Licensing income from investment properties	**67,054**	72,840
Total non-gaming revenue	**461,466**	507,443
	2,359,666	1,865,383
Revenue from contracts with customers, timing of revenue recognition:		
– over time	**1,880,295**	1,382,764
– at a point in time	**412,317**	409,779
	2,292,612	1,792,543
Revenue from operating leases:		
– lease payments that are fixed	**64,827**	72,657
– variable lease payments that do not depend on an index or a rate	**2,227**	183
	67,054	72,840
	2,359,666	1,865,383

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 determined 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 (2018: MFW, Savan Legend Resorts and The Landmark Macau) 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 year ended 31 December 2019

	Gaming	Non-gaming	Segment total	Elimination	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
External revenue	**1,898,200**	**461,466**	**2,359,666**	**–**	**2,359,666**
Inter-segment revenue	**–**	**122,465**	**122,465**	**(122,465)**	**–**
Segment revenue	**1,898,200**	**583,931**	**2,482,131**	**(122,465)**	**2,359,666**
Segment profit (loss)	**467,667**	**(360,985)**	**106,682**	**–**	**106,682**
Unallocated depreciation and amortisation					**(85,576)**
Unallocated other income and corporate expenses					**(62,538)**
Share of results of an associate					**(4,072)**
Finance costs					**(93,875)**
Loss before taxation					**(139,379)**

For the year ended 31 December 2018

	Gaming	Non-gaming	Segment total	Elimination	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
External revenue	1,357,940	507,443	1,865,383	–	1,865,383
Inter-segment revenue	–	148,609	148,609	(148,609)	–
Segment revenue	1,357,940	656,052	2,013,992	(148,609)	1,865,383
Segment profit (loss)	299,555	(237,668)	61,887	–	61,887
Unallocated depreciation and amortisation					(89,116)
Unallocated other income and corporate expenses					(62,961)
Gain on disposal of a subsidiary					3,430,078
Impairment loss on goodwill					(681,986)
Impairment losses on other intangible assets					(97,377)
Finance costs					(109,344)
Profit before taxation					2,451,181

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 (2018: release of prepaid lease payments) and property and equipment arising from the fair value adjustments on acquisition of MFW Group and amortisation of other intangible assets, unallocated other income and corporate expenses, net exchange difference, gain on disposal of a subsidiary, impairment loss on goodwill, impairment losses on other intangible assets, share of results of an associate and finance costs. Unallocated corporate expenses include directors' remuneration paid or payable by the Company and certain administrative expenses for corporate use. This is the measure reported to the Executive Directors for the purposes of resource allocation and performance assessment.

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

5. OTHER INCOME, GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
(a) Other income:		
Interest income		
– bank deposits	**26,509**	25,401
– financial assets at FVTPL	**16,000**	–
Insurance claims received (Note)	**6,641**	74,595
Others	**38,157**	32,635
	87,307	132,631
(b) Other gains and losses:		
Gain on change in fair value of financial assets at FVTPL	**11,376**	–
Exchange gain, net	**3,288**	6,676
Loss on disposal of property and equipment	**(6,688)**	(841)
Write-off of property and equipment	**–**	(5,455)
	7,976	380
	95,283	133,011

Note: During the year ended 31 December 2019, insurance claim of HK$6,641,000 (2018: HK$74,595,000) was recognised in respect of losses due to physical damage or loss of property and equipment by typhoons.

6. FINANCE COSTS

	2019 *HK$'000*	2018 *HK$'000*
Interest on bank borrowings	**82,449**	79,886
Interest on lease liabilities	**4,944**	–
Interest on loans from a shareholder	**–**	12,003
Amortisation of finance costs on bank borrowings and other finance costs	**6,482**	17,455
Total borrowing costs	**93,875**	109,344

7. (LOSS) PROFIT BEFORE TAXATION

	2019 *HK$'000*	2018 *HK$'000*
(Loss) profit before taxation has been arrived at after charging (crediting):		
Staff costs		
Directors' remuneration	**22,714**	22,566
Other staff costs		
– salaries and other benefits	**463,679**	440,632
– contributions to retirement benefits schemes	**7,558**	8,960
Total staff costs	**493,951**	472,158
Allowance for inventories (included in cost of sales and services)	**789**	5,502
Amortisation of other intangible assets (included in cost of sales and services and operating, administrative and other expenses of HK$1,858,000 (2018: HK$1,733,000) and HK$22,204,000 (2018: HK$33,168,000), respectively)	**24,062**	34,901
Auditor's remuneration	**3,702**	3,580
Cost of inventories recognised as an expense (included in cost of sales and services)	**106,636**	99,907
Depreciation of investment properties	**11,262**	11,263
Depreciation of property and equipment	**363,261**	344,907
Depreciation of right-of-use assets (included in cost of sales and services of HK$45,826,000 and operating, administrative and other expenses of HK$4,701,000)	**50,527**	–
Release of prepaid lease payments	**–**	42,720
Gross licensing income from investment properties	**(67,054)**	(72,840)
Less: Direct operating expenses that generate licensing income from investment properties	**11,262**	11,263
Net licensing income from investment properties	**(55,792)**	(61,577)

8. INCOME TAX EXPENSES

	2019	2018
	HK$'000	*HK$'000*
Macau Complementary Tax		
– current year	**(388)**	(415,935)
– overprovision in prior year	**–**	1,262
	(388)	(414,673)
Lao PDR Flat Tax and income tax	**(56,991)**	(76,908)
Deferred taxation credit	**6,506**	6,506
Income tax expenses	**(50,873)**	(485,075)

9. DIVIDEND

	2019	2018
	HK$'000	*HK$'000*
2018 special dividend of HK$0.08 per ordinary share	**–**	501,406

No dividend was paid or proposed for ordinary shareholders of the Company since the end of the reporting period.

10. (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

	2019	2018
	HK$'000	*HK$'000*
(Loss) profit for the year for the purposes of basic (loss) earnings per share	**(190,252)**	1,966,106

Number of shares

	2019	2018
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**6,242,154**	6,267,576

Diluted (loss) earnings per share is not presented as the Company does not have any dilutive potential ordinary share for both years.

11. TRADE AND OTHER RECEIVABLES

	At 31 December 2019	At 31 December 2018
	HK$'000	*HK$'000*
Trade receivables	**335,706**	207,815
Less: Impairment allowance	**(49,366)**	(50,584)
	286,340	157,231
Other receivables and deposits	**63,025**	95,347
Less: Impairment allowance	**(43,970)**	(58,003)
	19,055	37,344
Chips on hand	**59,629**	41,660
Prepayments	**46,794**	34,755
Receivables from gaming operator received on behalf of gaming promoters	**–**	46,538
Total trade and other receivables	**411,818**	317,528

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

	At 31 December 2019 HK$'000	At 31 December 2018 HK$'000
Within 3 months	**267,897**	145,926
Over 3 months but within 6 months	**12,922**	2,270
Over 6 months but within 1 year	**1,540**	5,385
Over 1 year	**3,981**	3,650
	286,340	157,231

12. TRADE AND OTHER PAYABLES

	At 31 December 2019 HK$'000	At 31 December 2018 HK$'000
Trade payables	**129,545**	49,476
Construction and retention payables	**84,318**	234,660
Other payables	**117,251**	149,789
Deposit received from investor (Note)	**500,000**	–
Amounts due to gaming promoters	**28,605**	23,518
Deposits received from tenants	**31,889**	27,679
Deposits received from gaming promoters	**–**	13,000
Accrued staff costs	**128,789**	120,896
Other sundry accruals	**46,767**	54,010
Total trade and other payables	**1,067,164**	673,028

Note: The amount represents refundable deposit for a potential disposal which is cancelled before 31 December 2019 and refunded subsequently after the year end date.

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

	At 31 December 2019 HK$'000	At 31 December 2018 HK$'000
Within 3 months	**116,004**	48,933
Over 3 months but within 6 months	**13,520**	490
Over 6 months but within 1 year	**–**	1
Over 1 year	**21**	52
	129,545	49,476

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Results

For the year ended 31 December 2019, the Group achieved a total reported revenue of approximately HK$2,359.7 million, representing an increase of approximately HK$494.3 million or approximately 26.5% over that of the last corresponding year of approximately HK$1,865.4 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			**VIP Tables***			**Slot Machines**		
	For the year ended 31 December			**For the year ended 31 December**			**For the year ended 31 December**		
	2019	2018	Change	**2019**	2018	Change	**2019**	2018	Change
	HK$'000	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*
Games drop/Slot handle	**5,652,100**	5,058,386	11.7	**N/A**	N/A	N/A	**296,115**	264,267	12.1
Turnover	**N/A**	N/A	N/A	**12,603,781**	19,297,580	(34.7)	**N/A**	N/A	N/A
Net win	**1,183,464**	1,002,894	18.0	**558,182**	626,800	(10.9)	**16,815**	14,766	13.9
Hold rate	**20.94%**	19.83%	1.1	**4.43%**	3.25%	1.2	**5.68%**	5.59%	0.1
Average number of tables/ slot machines	**54**	50	8.0	**23**	30	(23.3)	**102**	97	5.2
Net win per table/ slot machine per day	**60**	55	9.1	**66**	58	13.8	**0.5**	0.4	25.0
Reported revenue	**665,688**	560,901	18.7	**217,681**	115,538	88.4	**6,721**	6,071	10.7
No. of gaming tables/ slot machines in operation as of year end	**55**	55	0.0	**25**	25	0.0	**101**	112	(9.8)

Babylon Casino

	Mass Market Tables			**VIP Tables***			**Slot Machines**		
	For the year ended 31 December			**For the year ended 31 December**			**For the year ended 31 December**		
	2019	2018	Change	**2019**	2018	Change	**2019**	2018	Change
	HK$'000	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*
Games drop/Slot handle	**1,324,652**	852,281	55.4	**N/A**	N/A	N/A	**52,870**	46,899	12.7
Turnover	**N/A**	N/A	N/A	**2,048,191**	624,576	227.9	**N/A**	N/A	N/A
Net win	**227,091**	145,356	56.2	**86,554**	40,313	114.7	**4,026**	2,761	45.8
Hold rate	**17.14%**	17.05%	0.1	**4.23%**	6.45%	(2.2)	**7.61%**	5.89%	1.7
Average number of tables/ slot machines	**20**	16	25.0	**8**	7	14.3	**50**	42	19.0
Net win per table/ slot machine per day	**31**	25	24.0	**30**	16	87.5	**0.2**	0.2	0.0
Reported revenue	**126,393**	81,120	55.8	**48,000**	27,955	71.7	**1,610**	1,105	45.7
No. of gaming tables/ slot machines in operation as of year end	**24**	18	33.3	**8**	7	14.3	**42**	57	(26.3)

Landmark Casino

	Mass Market Tables For the year ended 31 December			VIP Tables For the year ended 31 December		
	2019	2018	Change	**2019**	2018	Change
	HK$'000	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*
Games drop/slot handle	**4,734,956**	3,002,633	57.7	**N/A**	N/A	N/A
Turnover	**N/A**	N/A	N/A	**7,730,000**	7,646,685	1.1
Net win	**1,087,143**	574,574	89.2	**285,201**	261,228	9.2
Hold rate	**22.96%**	19.14%	3.8	**3.69%**	3.42%	0.3
Average number of tables/ slot machines	**66**	63	4.8	**9**	9	0.0
Net win per table/ slot machine per day	**45**	25	80.0	**87**	80	8.8
Reported revenue	**597,929**	316,016	89.2	**5,704**	18,072	(68.4)
No. of gaming tables/ slot machines in operation as of year end	**66**	66	0.0	**12**	6	100.0

Savan Legend Casino

	Mass Market Tables For the year ended 31 December			VIP Tables For the year ended 31 December			Slot Machines For the year ended 31 December		
	2019	2018	Change	**2019**	2018	Change	**2019**	2018	Change
	HK$'000	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*
Games drop/slot handle	**410,163**	447,394	(8.3)	**N/A**	N/A	N/A	**1,917,903**	2,026,425	(5.4)
Turnover	**N/A**	N/A	N/A	**4,090,432**	3,533,233	15.8	**N/A**	N/A	N/A
Net win	**106,673**	116,137	(8.1)	**105,127**	103,877	1.2	**84,529**	83,775	0.9
Hold rate	**26.01%**	25.96%	0.1	**2.57%**	2.94%	(0.4)	**4.41%**	4.13%	0.3
Average number of tables/ slot machines	**39**	49	(20.4)	**18**	17	5.9	**382**	411	(7.1)
Net win per table/ slot machine per day	**7**	6	16.7	**16**	17	(5.9)	**0.6**	0.6	0.0
Reported revenue	**99,439**	109,205	(8.9)	**44,893**	40,059	12.1	**84,142**	81,898	2.7
No. of gaming tables/ slot machines in operation as of year end	**37**	49	(24.5)	**18**	17	5.9	**344**	415	(17.1)

	2019	2018
	HK$'000	*HK$'000*
Total reported revenue for gaming services		
Mass Market Tables	**1,489,449**	1,067,242
VIP Tables*	**316,278**	201,624
Slot Machines	**92,473**	89,074
	1,898,200	1,357,940

* 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 year ended 31 December 2019, gaming revenue of the Group increased by approximately 39.8% to approximately HK$1,898.2 million, offset by decreased non-gaming revenue of approximately 9.1% to approximately HK$461.5 million, respectively, when compared to the last corresponding year. The significant increase in gaming revenue was mainly due to solid results contributed from a maturing development in Legend Palace Casino and strong performance in VIP sector.

As at 31 December 2019, the Group had a total of 194 gaming tables in Macau (31 December 2018: 194), of which 194 (31 December 2018: 177) were put into operation. The Group had 55 (31 December 2018: 66) gaming tables which were put into operation in the Lao PDR.

B. Non-gaming Operations

For the year ended 31 December 2019, the Group recorded a total non-gaming revenue of approximately HK$461.5 million, decreased by approximately HK$46.0 million or approximately 9.1% when compared to the last corresponding year.

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

	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*
Income from hotel rooms	**181,427**	**7,150**	**188,577**	229,211	5,247	234,458
Licensing income from investment properties	**66,456**	**598**	**67,054**	72,566	274	72,840
Income from building management services	**21,992**	**–**	**21,992**	21,528	–	21,528
Food and beverage	**146,661**	**14,963**	**161,624**	142,817	15,014	157,831
Sales of merchandise	**4,021**	**135**	**4,156**	7,213	181	7,394
Others	**17,668**	**395**	**18,063**	12,483	909	13,392
Total revenue from non-gaming operations	**438,225**	**23,241**	**461,466**	485,818	21,625	507,443

The decrease in non-gaming revenue was primarily due to the decrease in revenue 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 year ended 31 December 2019 and 2018:

	2019		2018	
	Legend Palace Hotel	**Harbourview Hotel**	Legend Palace Hotel	Harbourview Hotel
Occupancy rate (%)	**93.4**	**92.7**	95.7	94.5
ADR (HK$)	**1,630**	**983**	1,651	959
REVPAR (HK$)	**1,522**	**911**	1,580	907

Adjusted EBITDA

Adjusted EBITDA for the year ended 31 December 2019 was approximately HK$365.8 million, representing an increase of approximately HK$6.0 million or approximately 1.7% over that of the last corresponding year. The following table reconciles the Adjusted EBITDA to the profit (loss) attributable to owners of the Company:

	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	**(215,118)**	**24,866**	**(190,252)**	1,942,692	23,414	1,966,106
Adjustments for:						
Finance costs	**93,875**	**–**	**93,875**	109,344	–	109,344
Depreciation of investment properties	**11,262**	**–**	**11,262**	11,263	–	11,263
Depreciation of property and equipment	**338,226**	**25,035**	**363,261**	336,014	8,893	344,907
Depreciation of right-of-use assets	**50,089**	**438**	**50,527**	–	–	–
Release of prepaid lease payments	**–**	**–**	**–**	42,310	410	42,720
Amortisation of other intangible assets	**22,204**	**1,858**	**24,062**	33,168	1,733	34,901
Loss on disposal of property and equipment	**6,820**	**(132)**	**6,688**	509	332	841
Impairment losses under expected credit loss model, net of reversal	**(991)**	**99**	**(892)**	108,570	3	108,573
Impairment loss of goodwill	**–**	**–**	**–**	681,986	–	681,986
Impairment losses of other intangible assets	**–**	**–**	**–**	97,377	–	97,377
Write-off of property and equipment	**–**	**–**	**–**	–	5,455	5,455
Unrealized exchange (gain) loss	**(70)**	**(1,208)**	**(1,278)**	(40)	1,363	1,323
Share of results of an associate	**4,072**	**–**	**4,072**	–	–	–
Pre-opening expense	**14,116**	**–**	**14,116**	–	–	–
Interest income	**(41,756)**	**(753)**	**(42,509)**	(25,401)	–	(25,401)
Gain on change in fair value of financial assets at FVTPL	**(11,376)**	**–**	**(11,376)**	–	–	–
Gain on disposal of a subsidiary	**–**	**–**	**–**	(3,430,078)	–	(3,430,078)
Compensation income	**(6,641)**	**–**	**(6,641)**	(74,595)	–	(74,595)
Income tax (credit) expenses	**(6,118)**	**56,991**	**50,873**	408,167	76,908	485,075
Adjusted EBITDA	**258,594**	**107,194**	**365,788**	241,286	118,511	359,797

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

	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]	**430,232**	**176,034**	**606,266**	377,152	178,908	556,060
Non-gaming operations[1]	**(107,585)**	**(68,840)**	**(176,425)**	(99,004)	(60,397)	(159,401)
Sub-total	**322,647**	**107,194**	**429,841**	278,148	118,511	396,659
Unallocated corporate expenses[2]	**(64,053)**	**–**	**(64,053)**	(36,862)	–	(36,862)
Adjusted EBITDA	**258,594**	**107,194**	**365,788**	241,286	118,511	359,797

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 year ended 31 December 2019 increased by approximately 16.0% to approximately HK$322.6 million when compared to the last corresponding year. Adjusted EBITDA of Savan Legend decreased by approximately 9.5% to approximately HK$107.2 million for the year ended 31 December 2019 from approximately HK$118.5 million for the last corresponding year. It is largely due to an unfavorable hold rate and currency fluctuations.

The Group's loss for the year ended 31 December 2019 was approximately HK$190.3 million, when compared to the profit of approximately HK$1,966.1 million in the last corresponding year. The significant decrease in profit was mainly due to gain on disposal of a subsidiary after the completion of the Disposal in April 2018 offsetting with the recovering gaming performance with positive effort on expenses streamline. If one-off items are excluded, the Group's loss, (excluding Savan Legend and The Landmark Macau) shall decrease from approximately HK$332.5 million in 2018 to approximately HK$220.4 million in 2019.

During 2018, due to the uncertainties arising from the possible economic slowdown in Macau and PRC as a result of trade war, as well as the change of our VIP gaming operation, the management of the Group has performed detailed reassessment on recoverability of certain individual VIP gaming patrons and VIP rooms operators (e.g. reviewing corresponding repayment history), as well as future profitability of Macau's gaming business (e.g. reviewing future cash flow forecast). Based on the results of reassessment, impairments were made on corresponding balances of certain individual VIP gaming patrons and VIP rooms operators of approximately HK$85.9 million, goodwill of approximately HK$682.0 million and other intangible assets of approximately HK$97.4 million, respectively.

Dividend

The Board does not declare any final dividend for the year ended 31 December 2019 (2018: nil).

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) 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, has commenced its operation in December 2019.

(c) An Investment Project in Cape Verde

The construction plan of the hotel and casino complex in currently being revisited. In the meantime, all the exterior architectural work of the office building as well as the construction of a bridge and access road to connect Santa Maria have been completed.

Outlook

The hotel operations at MFW all had a good year with high occupancy rates and good utilisation of the F&B and entertainment facilities. The significant increase in the revenue was mainly due to the solid results contributed from the Legend Palace Casino at MFW. We are actively improving the offerings at MFW including the extensive renovations of the Convention and Exhibition Center, world class non-gaming attractions like the VR Zone from Japan and new F&B outlets like Demon Chef Alvin Leung's Soda Port which will service our Premium Mass and VIP customers. We also look forward to the opening of the footbridge which will connect our properties in Macau directly to the Macau Outer Harbour Ferry Terminal in Peninsula Macau. Our plan is to become the most prominent entertainment complex for Peninsula Macau.

In Lao PDR, Savan Legend Resort's financial contributions are in line with our expectations and we look forward to the opening of The Suites boutique hotel at Savan Legend Resorts and the opening of The Thakhet Club at Thakhet. Both new projects should be operational by 2H2020 and will continue to help grow the scale of our business in Laos.

In Cape Verde, the construction of the new hotel and casino complex is now in progress and we expect a soft opening of this business in late 2021.

Looking ahead 2020, the effects of the Coronavirus Disease 2019 had slowed down the positive trending result of the Group. Up to the date of this announcement, the authorities, both locally and in the Mainland, have been managing the situation well, and we have complete confidence in the Government of the People's Republic of China and Macau S.A.R. in controlling the spread of the virus.

Globally, there are no serious reports of outbreaks in the areas where the Group's overseas projects are located. The Group remains optimistic that when the tourism industry rebounds, the Group well positioned to take advantage of the recovery.

Liquidity and Capital Resources

The Group's liquidity needs primarily comprise working capital, capital expenditure, and servicing borrowings of the Group. The Group has generally funded its operations and development projects from internal resources, debt and/or equity financing.

As at 31 December 2019, the consolidated net assets attributable to owners of the Company amounted to approximately HK$7,464.3 million, representing a decrease of approximately HK$227.6 million from approximately HK$7,691.9 million as at 31 December 2018. The decrease in consolidated net assets during the year ended 31 December 2019 was mainly due to the Group's loss for the year of approximately HK$190.3 million and the reduction in equity of approximately HK$55.2 million as result of share repurchases for the year.

Bank balances and cash

As at 31 December 2019, bank balances and cash held by the Group amounted to approximately HK$1,565.9 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 31 December 2019, the Group had outstanding (i) secured and guaranteed bank borrowings of approximately HK$1,821.3 million, and (ii) unsecured and unguaranteed, interest-free other borrowings of approximately HK$137.6 million.

Charge on the Group's Assets

As at 31 December 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$317.6 million (31 December 2018: approximately HK$328.9 million), buildings with a total carrying amount of approximately HK$4,273.9 million (31 December 2018: approximately HK$4,553.8 million), right of use assets with a total carrying amount of approximately HK$1,237.1 million (31 December 2018: prepaid lease payments of approximately HK$1,279.4 million), trade receivables of approximately HK$192.0 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 is expressed as a percentage of total borrowings (e.g. bank and other borrowings) minus cash (e.g. pledged bank deposits, short term bank deposits and bank balances and cash) over total equity. As at 31 December 2019, the Group's net gearing ratio was 5.3% (31 December 2018: 7.8%).

Purchase, sale or redemption of listed shares

During year ended 31 December 2019, the Company repurchased a total of 45,465,000 Shares on the Stock Exchange. All repurchased shares were cancelled during the year ended 31 December 2019. Details of the repurchases are as follows:

Month of repurchase	Number of Shares repurchased	Price per Share Highest	Price per Share Lowest	Aggregate consideration paid (including transaction costs)
		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	50.3
	45,465,000			55.2

Save for the above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the year ended 31 December 2019.

Employees and Remuneration Policies

As at 31 December 2019, the Group had a total of approximately 4,289 employees, including approximately 1,249 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 year ended 31 December 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 separated 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 ANNUAL RESULTS

The Group's consolidated financial statements for the year ended 31 December 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.

SCOPE OF WORK OF MESSRS DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this preliminary announcement have been agreed by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

DEFINITIONS

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

"Adjusted EBITDA"	the Group's adjusted earnings before interest income, finance costs, income taxes, depreciation, amortization and certain items
"ADR"	average daily room rate
"Board"	the board of Directors
"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 and an associate 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
"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 Legend Palace Casino, Babylon Casino and Landmark 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, 26 March 2020

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.