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 2020

RESULTS

The Board announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2020 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		For the six months ended 30 June	
	Notes	**2020** *HK$'000* *(unaudited)*	2019 *HK$'000* *(unaudited)*
REVENUE	*3*	**364,086**	1,081,772
Cost of sales and services		**(591,808)**	(835,427)
		(227,722)	246,345
Other income, gains and losses, net		**16,359**	31,414
Share of results of an associate		**(8,682)**	(877)
Reversal of/(impairment losses on) financial assets, net		**1,254**	(444)
Marketing and promotional expenses		**(45,553)**	(121,060)
Operating, administrative and other expenses		**(185,216)**	(200,632)
Finance costs	*5*	**(43,998)**	(46,184)

* *for identification purposes only*

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

For the six months ended 30 June 2020

		For the six months ended 30 June	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	*(unaudited)*
LOSS BEFORE TAX	*6*	**(493,558)**	(91,438)
Income tax expenses	*7*	**(56,629)**	(16,059)
LOSS FOR THE PERIOD		**(550,187)**	(107,497)
Other comprehensive (loss)/income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations			
– subsidiaries		**(16,082)**	20,670
– an associate		**(3,200)**	(4,469)
Total other comprehensive (loss)/income for the period		**(19,282)**	16,201
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(569,469)**	(91,296)
Loss per Share			
– Basic (HK cents)	*9*	**HK(8.9) cents**	HK(1.7) cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Notes	**At 30 June 2020 HK$'000 (unaudited)**	At 31 December 2019 HK$'000 (audited)
NON-CURRENT ASSETS			
Investment properties		**311,977**	317,608
Property and equipment		**6,253,042**	6,298,789
Right-of-use assets		**1,347,212**	1,346,652
Other intangible assets		**134,900**	138,890
Investment in an associate	*10*	**32,281**	44,163
Loan to an associate	*10*	**47,690**	32,995
Deposits paid		**782,848**	783,259
Financial assets at FVTPL		**206,535**	211,376
Total non-current assets		**9,116,485**	9,173,732
CURRENT ASSETS			
Inventories		**28,283**	28,391
Trade and other receivables, deposits and prepayment	*11*	**235,312**	411,818
Pledged bank deposits		**1,671**	1,671
Bank balances and cash		**517,406**	1,564,226
Total current assets		**782,672**	2,006,106
CURRENT LIABILITIES			
Trade and other payables	*12*	**298,527**	1,067,164
Tax payable		**502,780**	452,381
Bank and other borrowings – due within one year		**400,010**	400,397
Lease liabilities		**9,744**	2,693
Total current liabilities		**1,211,061**	1,922,635
NET CURRENT (LIABILITIES)/ASSETS		**(428,389)**	83,471
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,688,096**	9,257,203

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2020

	At 30 June 2020 ***HK$'000*** ***(unaudited)***	At 31 December 2019 *HK$'000* *(audited)*
NON-CURRENT LIABILITIES		
Bank borrowings – due after one year	**1,559,582**	1,558,497
Lease liabilities	**105,811**	82,354
Deferred tax liabilities	**148,805**	152,058
Total non-current liabilities	**1,814,198**	1,792,909
NET ASSETS	**6,873,898**	7,464,294
EQUITY		
Share capital	**620,119**	622,211
Reserves	**6,253,779**	6,842,083
TOTAL EQUITY	**6,873,898**	7,464,294

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019.

The interim condensed consolidated financial information is presented in HK$, which is also the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated. It has been prepared under the historical cost convention except for financial assets at fair value through profit or loss which have been measured at fair value.

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared on the going concern basis notwithstanding that the Group had net current liabilities of approximately HK$428 million at 30 June 2020 and reported a net loss of approximately HK$550 million for the six months ended 30 June 2020, as the Directors consider that the Group will have adequate funds available to enable it to operate as a going concern and have sufficient working capital to satisfy its present requirements for at least 12 months from the end of the reporting period, based on the Group's cash flow projection which, inter alia, takes into account the following with a view to improving the Group's liquidity:

(a) the Directors expect that the number of tourists traveling to Macau will gradually increase as the China's National Immigration Administration has announced that it would resume reviewing applications under the China Individual Visit Scheme ("IVS") and tour group visas for residents of Zhuhai from 12 August 2020, followed by the resumption of China IVS and tour group visas' applications for residents of Guangdong province effective from 26 August 2020 and subsequently to all travelers from Mainland China from 23 September 2020. The Directors expect the Group's business will benefit and financial performance will improve from the relaxation of travel restriction between mainland China and Macao;

(b) the Group has taken various mitigating measures to manage the current environment, including a cost control program to minimise cash outflow of nonessential items; and

(c) subsequent to the end of the reporting period and up to the date of approval of this interim condensed consolidated financial information, the Group is in the process of negotiation with banks for refinancing its existing outstanding bank borrowings to long-term financing. The Directors are of the opinion that the Group has a good track record and relationship with the banks which will enhance the Group's ability to successfully complete the refinancing of its existing borrowings.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information for the six months ended 30 June 2020 are consistent with those applied in the preparation of the Group's annual consolidated financial statements of the Group for the year ended 31 December 2019, except for the adoption of the following amendments to HKFRSs for the first time for the current period's financial information.

Amendments to HKFRS 3	Definition of Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendment to HKFRS 16	COVID-19-Related Rent Concessions (early adopted)
Amendments to HKFRS 1 and HKAS 8	Definition of a Material

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

2.1 Impacts and accounting policies on early application of Amendment to HKFRS 16 "COVID19- Related Rent Concessions"

Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the coronavirus disease 2019 ("COVID-19 pandemic"). The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

During the period ended 30 June 2020, certain monthly lease payments for the leases of the Group's machinery and office buildings have been reduced or waived by the lessors as a result of the COVID-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic during the period ended 30 June 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of HK$0.3 million has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the period ended 30 June 2020.

3. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2020	2019
	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	**207,619**	640,750
– VIP tables*	**40,865**	109,821
– Slot machines	**1,864**	3,984
	250,348	754,555
(ii) from operation of a casino in respect of:		
– Mass market tables	**14,737**	56,479
– VIP tables	**9,218**	13,078
– Slot machines	**12,753**	43,428
	36,708	112,985
	287,056	867,540
Revenue from non-gaming related operations:		
Rental income from hotel rooms	**18,348**	90,061
Income from building management services	**11,757**	7,034
	30,105	97,095
Food and beverage	**19,726**	72,765
Sales of merchandise	**1,017**	2,575
Others	**3,736**	9,520
	24,479	84,860
Licensing income from investment properties	**22,446**	32,277
	77,030	214,232
	364,086	1,081,772

* 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 management has chosen to organise the Group based on different 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, including hotel and other operations such as licensing income from the shops, provision of building management services, food and beverage and others. For segment reporting under HKFRS 8, financial information of these operations with similar economic characteristics has been aggregated into a single operating segment named "non-gaming".

Segment revenue and results:

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the six months ended 30 June 2020 (unaudited)

	Gaming	Non-gaming	Segment total	Elimination	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
External revenue	**287,056**	**77,030**	**364,086**	**–**	**364,086**
Intersegment revenue	**–**	**25,590**	**25,590**	**(25,590)**	**–**
Segment revenue	**287,056**	**102,620**	**389,676**	**(25,590)**	**364,086**
Segment loss	**(88,741)**	**(280,147)**	**(368,888)**	**–**	**(368,888)**
Reconciliation:					
Unallocated depreciation and amortisation					**(40,540)**
Unallocated corporate income and expenses, net					**(31,450)**
Share of results of an associate					**(8,682)**
Finance costs					**(43,998)**
Loss before tax					**(493,558)**

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
Intersegment 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
Reconciliation:					
Unallocated depreciation and amortisation					(45,288)
Unallocated corporate income and expenses, net					(31,921)
Share of results of an associate					(877)
Finance costs					(46,184)
Loss before tax					(91,438)

Intersegment 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 arising from the fair value adjustments on acquisition of MFW Group and amortisation of other intangible assets, unallocated corporate income and expenses, 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

	For the six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Interest on bank borrowings	**39,451**	39,819
Interest on lease liabilities	**3,549**	2,339
Amortisation of finance costs on bank borrowings and other finance costs	**998**	4,026
	43,998	46,184

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
(Reversal of write down of)/write down of inventories to net realisable value	**(216)**	1,087
Amortisation of other intangible assets (included in cost of sales and services of HK$898,000 (2019: HK$906,000) and operating, administrative and other expenses of HK$12,478,000 (2019: HK$11,102,000))	**13,376**	12,008
Cost of inventories sold	**17,373**	52,150
Depreciation of investment properties	**5,631**	5,631
Depreciation of property and equipment	**187,637**	177,494
Depreciation of right-of-use assets (included in cost of sales and services of HK$28,012,000 (2019: HK$21,368,000) and operating, administrative and other expenses of HK$726,000 (2019: HK$2,142,000))	**28,738**	23,510
Loss on disposal of property and equipment	**53**	288
Gross licensing income from investment properties	**(22,446)**	(32,277)
Less: Direct operating expenses that generate licensing income from investment properties	**5,631**	5,631
Net licensing income from investment properties	**(16,815)**	(26,646)
Bank interest income	**(14,084)**	(20,193)
Foreign exchange differences, net	**683**	(1,797)
Loss/(gain) on change in fair value of financial assets at FVTPL	**4,841**	(3,879)

7. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Current tax charges		
– Macau Complementary Tax	**(194)**	(194)
– Lao PDR Flat Tax	**(59,688)**	(19,118)
	(59,882)	(19,312)
Deferred tax credit	**3,253**	3,253
Income tax expenses	**(56,629)**	(16,059)

8. DIVIDEND

The Directors have determined that no dividend will be paid in respect of the interim period in 2020 (2019: Nil).

9. LOSS PER SHARE

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

Loss

	For the six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Loss for the period for the purpose of basic loss per Share	**(550,187)**	(107,497)

Number of Shares

	For the six months ended 30 June	
	2020	2019
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per Share	**6,209,361**	6,262,528

Diluted loss per Share is not presented as the Group does not have any potentially dilutive ordinary share in issue 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 (the "Agreement") pursuant to which the Group has agreed to acquire and Raising Investment Company Limited and Lai Va Investment Company Limited (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 the management of its shopping mall in the PRC. The Acquisition was completed on 16 April 2019 in accordance with the terms and conditions as set out in the Agreement. Further details of the Acquisition were set out in announcement of the Company dated 27 February 2019.

	At 30 June 2020	At 31 December 2019
	HK$'000	*HK$'000*
Cost of investment in an associate unlisted	**56,321**	56,321
Share of post-acquisition loss	**(12,754)**	(4,072)
Share of post-acquisition other comprehensive loss	**(11,286)**	(8,086)
	32,281	44,163

As at 30 June 2020, a loan to an associate with a principal amount of HK$47,690,000 (31 December 2019: HK$32,995,000) is unsecured, interest-free and repayable on demand. In the opinion of the Directors, the Group has no intention to request for repayment of the loan within the 12 months from the end of the reporting period. Accordingly, the loan is classified as a non-current asset.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

	At 30 June 2020	At 31 December 2019
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Trade receivables	**151,932**	335,706
Less: Impairment allowance	**(48,199)**	(49,366)
	103,733	286,340
Other receivables	**87,606**	53,173
Less: Impairment allowance	**(43,916)**	(43,970)
	43,690	9,203
Chips on hand	**34,763**	59,629
Deposits and prepayments	**53,126**	56,646
Total trade and other receivables, deposits and prepayment	**235,312**	411,818

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of impairment allowance, is as follows:

	At 30 June 2020	At 31 December 2019
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Within 3 months	**81,302**	267,897
Over 3 months but within 6 months	**13,933**	12,922
Over 6 months but within 1 year	**5,866**	1,540
Over 1 year	**2,632**	3,981
	103,733	286,340

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 trade creditors is one month to three months.

	At 30 June 2020 HK$'000 (unaudited)	At 31 December 2019 HK$'000 (audited)
Trade payables	**26,692**	129,545
Construction and retention payables	**42,458**	84,318
Other payables	**106,768**	117,251
Deposit received from an investor (Note)	**–**	500,000
Amounts due to gaming promoters	**–**	28,605
Deposits received from tenants	**30,275**	31,889
Accrued staff costs	**75,615**	128,789
Other sundry accruals	**16,719**	46,767
Total trade and other payables	**298,527**	1,067,164

Note: The amount represents a refundable deposit for a potential disposal which was cancelled before 31 December 2019 and refunded in January 2020.

An ageing analysis of trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	At 30 June 2020 HK$'000 (unaudited)	At 31 December 2019 HK$'000 (audited)
Within 3 months	**25,566**	116,004
Over 3 months but within 6 months	**1,105**	13,520
Over 1 year	**21**	21
	26,692	129,545

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Interim Results

For the six months ended 30 June 2020, the Group achieved a total reported revenue of approximately HK$364.1 million, representing a decrease of approximately HK$717.7 million or approximately 66.3% over that of the last corresponding period of approximately HK$1,081.8 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**		
	2020	2019	change	**2020**	2019	change	**2020**	2019	change
	HK$'000	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*
Games drop/Slot handle	**846,615**	2,948,411	(71.3)	**N/A**	N/A	N/A	**65,858**	148,812	(55.7)
Turnover	**N/A**	N/A	N/A	**1,040,257**	6,620,190	(84.3)	**N/A**	N/A	N/A
Net win	**166,299**	564,325	(70.5)	**50,346**	231,008	(78.2)	**3,965**	7,970	(50.3)
Hold rate	**19.64%**	19.14%	0.5	**4.84%**	3.49%	1.4	**6.02%**	5.36%	0.7
Average number of tables/ slot machines	**48**	54	(11.1)	**22**	20	10.0	**76**	109	(30.3)
Net win per table/ slot machine per day	**19**	58	(67.2)	**13**	64	(79.7)	**0.3**	0.4	(25.0)
Reported revenue	**95,403**	316,184	(69.8)	**25,090**	85,913	(70.8)	**1,561**	3,188	(51.0)
No. of gaming tables/ slot machines in operation as of period end	**40**	57	(29.8)	**18**	19	(5.3)	**51**	109	(53.2)

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**		
	2020	2019	change	**2020**	2019	change	**2020**	2019	change
	HK$'000	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*
Games drop/Slot handle	**345,686**	604,492	(42.8)	**N/A**	N/A	N/A	**9,524**	27,549	(65.4)
Turnover	**N/A**	N/A	N/A	**909,916**	652,234	39.5	**N/A**	N/A	N/A
Net win	**54,168**	100,768	(46.2)	**28,082**	40,227	(30.2)	**776**	1,997	(61.1)
Hold rate	**15.67%**	16.67%	(1.0)	**3.09%**	6.17%	(3.1)	**8.15%**	7.25%	0.9
Average number of tables/ slot machines	**19**	18	5.6	**7**	7	–	**31**	44	(29.5)
Net win per table/ slot machine per day	**16**	31	(48.4)	**22**	32	(31.3)	**0.1**	0.3	(66.7)
Reported revenue	**29,782**	55,940	(46.8)	**15,354**	22,059	(30.4)	**303**	796	(61.9)
No. of gaming tables/ slot machines in operation as of period end	**14**	21	(33.3)	**5**	7	(28.6)	**20**	44	(54.5)

Landmark Casino

	Mass Market Tables For the six months ended 30 June			VIP Tables* For the six months ended 30 June		
	2020	2019	change	**2020**	2019	change
	HK$'000	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*
Games drop	**603,528**	2,129,093	(71.7)	**N/A**	N/A	N/A
Turnover	**N/A**	N/A	N/A	**1,139,000**	2,983,000	(61.8)
Net win	**149,880**	488,410	(69.3)	**21,075**	92,434	(77.2)
Hold rate	**24.83%**	22.94%	1.9	**1.85%**	3.10%	(1.3)
Average number of tables	**58**	66	(12.1)	**8**	6	33.3
Net win per table per day	**14**	41	(65.9)	**15**	85	(82.4)
Reported revenue	**82,434**	268,626	(69.3)	**422**	1,849	(77.2)
No. of gaming tables in operation as of period end	**47**	66	(28.8)	**6**	6	–

Savan Legend Casino(1)

	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		
	2020	2019	change	**2020**	2019	change	**2020**	2019	change
	HK$'000	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*
Games drop/Slot handle	**62,992**	197,613	(68.1)	**N/A**	N/A	N/A	**325,406**	1,026,442	(68.3)
Turnover	**N/A**	N/A	N/A	**735,853**	1,932,820	(61.9)	**N/A**	N/A	N/A
Net win	**16,004**	55,504	(71.2)	**25,309**	57,039	(55.6)	**13,457**	43,112	(68.8)
Hold rate	**25.41%**	28.09%	(2.7)	**3.44%**	2.95%	0.5	**4.14%**	4.20%	(0.1)
Average number of tables/ slot machines	**16**	42	(61.9)	**9**	18	(50.0)	**156**	393	(60.3)
Net win per table/ slot machine per day	**6**	7	(14.3)	**16**	18	(11.1)	**0.5**	0.6	(16.7)
Reported revenue	**14,737**	56,479	(73.9)	**9,218**	13,078	(29.5)	**12,753**	43,428	(70.6)
No. of gaming tables/ slot machines in operation as of period end	**30**	37	(18.9)	**18**	18	–	**133**	390	(65.9)

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Total reported revenue for gaming services		
Mass Market Tables	**222,356**	697,229
VIP Tables(2)	**50,083**	122,899
Slot Machines	**14,617**	47,412
	287,056	867,540

Notes:

(1) Casino in Savan Legend is temporarily closed since 29 March 2020 in correspondence to COVID-19 pandemic, hence, 3-month performance is only presented for the six months ended 30 June 2020.

(2) 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 2020, gaming revenue of the Group decreased by approximately 66.9% to approximately HK$287.1 million when compared to the last corresponding period. The decrease in gaming revenue was primarily due to COVID-19 pandemic which caused (i) decrement in the reported revenue contributed from Legend Palace Casino of approximately HK$283.2 million, (ii) decrement in reported revenue contributed by Babylon Casino of approximately HK$33.4 million, (iii) decrement in reported revenue contributed by Landmark Casino of approximately HK$187.6 million and (iv) decrement in reported revenue contributed by Savan Legend Casino of approximately HK$76.3 million.

As at 30 June 2020, the Group had a total of 194 gaming tables in Macau (30 June 2019: 194), of which 130 (30 June 2019: 176) were put into operation. The Group had 48 (30 June 2019: 55) gaming tables which were put into operation in the Lao PDR.

B. Non-gaming Operations

For the six months ended 30 June 2020, the Group recorded total non-gaming revenue of approximately HK$77.0 million, decreased by approximately HK$137.2 million or approximately 64.0% below that of the last corresponding period of approximately HK$214.2 million.

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

	Six months ended 30 June					
	2020			2019		
	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	**17,305**	**1,043**	**18,348**	86,836	3,225	90,061
Licensing income from investment properties	**22,273**	**173**	**22,446**	32,009	268	32,277
Income from building management services	**11,757**	**–**	**11,757**	7,034	–	7,034
Food and beverage	**16,815**	**2,911**	**19,726**	65,279	7,486	72,765
Sales of merchandise	**1,000**	**17**	**1,017**	2,507	68	2,575
Others	**3,664**	**72**	**3,736**	8,300	1,220	9,520
Total revenue from non-gaming operations	**72,814**	**4,216**	**77,030**	201,965	12,267	214,232

The decrease in non-gaming revenue was primarily due to decrease in revenue from hotel operation and food and beverage as a result of COVID-19 pandemic.

The following table sets out certain key operational data on our major hotel operations of the Group for the six months ended 30 June 2020 and 2019:

	For the six months ended			
	30 June 2020		30 June 2019	
	Legend Palace Hotel	**Harbourview Hotel**	Legend Palace Hotel	Harbourview Hotel
Occupancy rate (%)	**44**	**32**	94	90
ADR (HK$)	**1,780**	**920**	1,608	988
REVPAR (HK$)	**781**	**294**	1,512	889

Adjusted EBITDA

Adjusted EBITDA for the six months ended 30 June 2020 was a loss of approximately HK$215.1 million, representing a decrease of approximately HK$366.6 million or approximately 242.0% over that of the last corresponding period a profit of approximately HK$151.5 million. The following table reconciles the Adjusted EBITDA to the profit (loss) attributable to owners of the Company:

	Six months ended 30 June					
	2020			2019		
	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	**(467,306)**	**(82,881)**	**(550,187)**	(128,326)	20,829	(107,497)
Adjustments for:						
Finance costs	**42,976**	**1,022**	**43,998**	46,184	–	46,184
Depreciation of investment properties	**5,631**	**–**	**5,631**	5,631	–	5,631
Depreciation of right-of-use assets	**25,426**	**3,312**	**28,738**	23,296	214	23,510
Depreciation of property and equipment	**174,470**	**13,167**	**187,637**	165,607	11,887	177,494
Amortisation of other intangible assets	**12,478**	**898**	**13,376**	11,102	906	12,008
Loss on disposal of property and equipment	**53**	**–**	**53**	30	258	288
(Reversal of)/impairment losses on financial assets	**(2,678)**	**1,424**	**(1,254)**	444	–	444
(Reversal of write down of)/write down of inventories to net realisable value	**(216)**	**–**	**(216)**	1,087	–	1,087
Loss/(gain) on change in fair value of financial assets at FVTPL	**4,841**	**–**	**4,841**	(3,879)	–	(3,879)
Exchange (gain)/loss arising from non-operating activities	**18**	**1,022**	**1,040**	2	(397)	(395)
Share of results of an associate	**8,682**	**–**	**8,682**	877	–	877
Bank interest income	**(13,964)**	**(120)**	**(14,084)**	(20,193)	–	(20,193)
Compensation income	**(16)**	**–**	**(16)**	(139)	–	(139)
Income tax expenses	**(3,059)**	**59,688**	**56,629**	(3,059)	19,118	16,059
Adjusted EBITDA	**(212,664)**	**(2,468)**	**(215,132)**	98,664	52,815	151,479

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

	Six months ended 30 June					
	2020			2019		
	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	**(59,870)**	**21,195**	**(38,675)**	179,737	84,215	263,952
Non-gaming operations	**(121,140)**	**(23,663)**	**(144,803)**	(49,207)	(31,400)	(80,607)
Sub-total	**(181,010)**	**(2,468)**	**(183,478)**	130,530	52,815	183,345
Unallocated corporate expenses	**(31,654)**	**–**	**(31,654)**	(31,866)	–	(31,866)
Adjusted EBITDA	**(212,664)**	**(2,468)**	**(215,132)**	98,664	52,815	151,479

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 2020 decreased by approximately 238.7% to a loss of approximately HK$181.0 million when compared to the last corresponding period.

The Group's loss for the six months ended 30 June 2020 was approximately HK$550.2 million, as compared to the loss of approximately HK$107.5 million in the last corresponding period, which is primarily due to the significant decrease in revenue as a result of the social distancing measures and travel restrictions imposed by the authority in response to the COVID-19 pandemic and, which have severely declined the tally of visitor arrivals to Macau and Lao PDR in the first half of 2020.

Dividend

The Board does not declare any interim dividend for the six months ended 30 June 2020 (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, has commenced its operation in December 2019. Occupancy rate has reached 40%, target to achieve 65% to 70% occupancy rate by the end of 2020, tenants would include supermarket, cinema, gymnasium and F&B outlets of difference scale.

(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 and interior design of the office building has commenced. A bridge and access road has been constructed to connect Santa Maria Islet and Praia.

OUTLOOK

Given the outbreak of COVID-19, there has been a significant contraction in the gross gaming revenues of Macau for the first half of 2020. Fortunately, given the continuing strong support from our local customer base, MFW's gaming business did better than the overall market for this period. MFW's gross gaming revenues contracted approximately 67% for the first six months of 2020 compared to the same period for the previous year. The overall gaming market in Macau contracted approximately 77% for the same period.

During the past six months, we have focused on upgrading our F&B and entertainment offerings at MFW in anticipation of a recovery in tourist arrivals. Renovations for upgrading the facilities in the Convention and Exhibition Center have now been completed and put into service. Moreover, the completion of new F&B outlets like Demon Chef Alvin Leung's Soda Port will be completed by the end of the year. We are also seeking opportunities to work with small and medium sized enterprises in Macau to help revitalise the local economy as well as improving the business at our retail operations. We plan to make MFW the most prominent entertainment complex in Peninsula Macau.

In Lao PDR, our slot club in Thakhek has commenced its operation in mid-July, with 130 electronic gaming machines. The opening of the Thakhek Club is expected to provide new momentum to the Group's operations in Lao PDR. The hotel and casino at Savan Legend Resorts, Savannakhet will remain closed until the Thai/Laos border reopens.

In Cape Verde, the construction of the new hotel and casino complex is now in progress although affected by COVID-19 preventive measures. The Group will work with the local government and contractors to proceed with the construction in a more effective and economic way.

Looking forward to the second half of 2020, as the epidemic in Mainland China is gradually brought under control, the China's National Immigration Administration has announced that, if there were no other exceptions, it shall resume reviewing applications under IVS for residents of Guangdong province effective from 26 August 2020 and subsequently to all travelers from Mainland China from 23 September 2020. The tourism industry in Macau will gradually resume with an increase in number of visitors. The Group is optimistic that it is well positioned to take the advantage of the recovery when the tourism industry rebounds.

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 2020, the consolidated net assets attributable to owners of the Company amounted to approximately HK$6,873.9 million, representing a decrease of approximately HK$590.4 million from approximately HK$7,464.3 million as at 31 December 2019. The decrease in consolidated net assets during the six months ended 30 June 2020 was mainly due to the Group's loss for the period of approximately HK$550.2 million and the reduction in equity of approximately HK$20.9 million as result of share repurchases for the period.

The Group is in the process of negotiation for refinancing its existing bank borrowings with a longer term facility.

Bank balances and cash

As at 30 June 2020, bank balances and cash held by the Group amounted to approximately HK$519.1 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 2020, the Group had outstanding (i) secured and guaranteed bank borrowings of approximately HK$1,822.0 million, and (ii) unsecured and unguaranteed, interest-free other borrowings of approximately HK$137.6 million.

Charge on the Group's Assets

As at 30 June 2020, 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$312.0 million (31 December 2019: approximately HK$317.6 million), buildings with a total carrying amount of approximately HK$4,215.2 million (31 December 2019: approximately HK$4,281.9 million), right-of-use assets with a total carrying amount of approximately HK$1,216.0 million (31 December 2019: approximately HK$1,237.1 million), trade receivables of approximately HK$54.9 million (31 December 2019: approximately HK$192.0 million) and bank deposits of approximately HK$1.7 million (31 December 2019: approximately HK$1.7 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 2020, the Group's net gearing ratio was 21.0% (31 December 2019: 5.3%).

Purchase, Sale or Redemption of Listed Shares

During six months ended 30 June 2020, the Company repurchased a total of 20,924,000 Shares on the Stock Exchange. All repurchased Shares were cancelled during the six months ended 30 June 2020. 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)*
January 2020	8,903,000	1.14	1.05	9.8
April 2020	9,808,000	0.95	0.87	9.0
May 2020	2,213,000	0.96	0.92	2.1
	20,924,000			20.9

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 2020.

Employees and Remuneration Policies

As at 30 June 2020, the Group had a total of approximately 4,071 employees, including approximately 1,243 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 2020, 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. On 26 March 2020, Mr David Chow has ceased to act as the chief executive officer of the Company after the appointment of Ms Chan Mei Yi, Melinda as an executive director and the chief executive officer of the Company. The Board considered that such appointment would achieve a separation of duties for the chairman and chief executive and ensure a balance of power and authority, and hence strengthening the governance function and business development of the Group. As such, code provision A.2.1 of the CG Code has been compiled with.

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 INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The Company's unaudited interim condensed consolidated financial information for the six months ended 30 June 2020 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

"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 and an executive Director 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

"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 and executive Director

Hong Kong, 27 August 2020

As at the date of this announcement, the executive Directors are Chow Kam Fai, David, Chan Mei Yi, Melinda, 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.