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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 2024**

RESULTS

The Board announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2024 as follows:

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

For the six months ended 30 June 2024

		For the six months ended 30 June	
	<i>Notes</i>	2024	2023
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
			(Restated)
CONTINUING OPERATIONS			
REVENUE	3	390,401	335,002
Cost of sales and services		(342,389)	(336,406)
		48,012	(1,404)
Other income, gains and losses, net		(6,472)	6,174
(Provision)/reversal on impairment losses on financial assets, net		(35)	184
Marketing and promotional expenses		(61,312)	(43,669)
Operating, administrative and other expenses		(70,763)	(86,497)
Finance costs	5	(97,248)	(90,673)

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

For the six months ended 30 June 2024

		For the six months ended 30 June	
	<i>Notes</i>	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited) (Restated)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS			
	<i>6</i>	(187,818)	(215,885)
Income tax credit	<i>7</i>	<u>2,858</u>	<u>2,696</u>
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(184,960)	(213,189)
DISCONTINUED OPERATION			
Profit for the period from a discontinued operation	<i>8</i>	<u>75,035</u>	<u>30,691</u>
LOSS FOR THE PERIOD		<u>(109,925)</u>	<u>(182,498)</u>
OTHER COMPREHENSIVE LOSS:			
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations – subsidiaries		(16,579)	(6,647)
Reclassification adjustment for a foreign operation disposed of during the period		<u>(25,967)</u>	<u>–</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		<u>(42,546)</u>	<u>(6,647)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u>(152,471)</u>	<u>(189,145)</u>
LOSS PER SHARE			
Basic (HK cents)			
– For loss for the period	<i>10</i>	<u>(1.77)</u>	<u>(2.94)</u>
– For loss from continuing operations	<i>10</i>	<u>(2.98)</u>	<u>(3.44)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

		30 June	31 December
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Investment properties		437,774	446,771
Property and equipment		4,254,207	4,571,922
Right-of-use assets		1,111,769	1,150,094
Other intangible assets		–	43,305
Loan to an associate		226,631	210,888
Deposits paid		229,239	229,184
		<hr/>	<hr/>
Total non-current assets		6,259,620	6,652,164
CURRENT ASSETS			
Inventories		11,118	21,321
Trade and other receivables, deposits and prepayments	<i>11</i>	98,658	124,224
Pledged deposits		1,677	1,674
Cash and cash equivalents		65,141	63,233
		<hr/>	<hr/>
Total current assets		176,594	210,452
CURRENT LIABILITIES			
Trade and other payables	<i>12</i>	260,901	367,911
Tax payable		1,155	770
Bank and other borrowings		2,411,031	633,607
Lease liabilities		807	7,732
		<hr/>	<hr/>
Total current liabilities		2,673,894	1,010,020
NET CURRENT LIABILITIES		(2,497,300)	(799,568)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,762,320	5,852,596
		<hr/>	<hr/>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

30 June 2024

	30 June 2024	31 December 2023
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
NON-CURRENT LIABILITIES		
Bank and other borrowings	–	1,934,949
Lease liabilities	86,781	86,384
Deferred tax liabilities	122,781	126,034
	<u>209,562</u>	<u>2,147,367</u>
Total non-current liabilities	209,562	2,147,367
NET ASSETS	<u>3,552,758</u>	<u>3,705,229</u>
EQUITY		
Share capital	620,119	620,119
Reserves	2,932,639	3,085,110
	<u>3,552,758</u>	<u>3,705,229</u>
TOTAL EQUITY	<u>3,552,758</u>	<u>3,705,229</u>

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 2024 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. 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 2023.

The interim condensed consolidated financial information is presented in Hong Kong dollars (“**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.

Going concern basis

The Group had net current liabilities of approximately HK\$2,497.3 million as at 30 June 2024 and incurred a net loss of approximately HK\$109.9 million during the six months ended 30 June 2024. The Group’s total bank and other borrowings amounting to HK\$2,411.0 million, which will be due for repayment within the next 12 months from the end of the reporting period or are repayable on demand, included an instalment of loan principal amounting to HK\$135.0 million due in September 2024 while its cash and cash equivalents amounted to HK\$65.1 million as at 30 June 2024.

Pursuant to the relevant loan agreements, the Group is required to comply with the loan covenants. Should the Group fail to comply with the loan covenant clauses, the Group’s creditor banks (the “**Banks**”) may exercise their rights to serve notice to demand for immediate repayment of all outstanding bank borrowing including interest. During the six months ended 30 June 2024, a subsidiary of the Group failed to comply with certain loan covenants for one of the Group’s bank borrowings (triggered by the completion of disposal of the Group’s operation in Lao PDR) regarding the arrangement of disposal proceeds, which in turn triggered the non-compliance of a covenant of the Group’s another bank borrowing. As a result, bank borrowings of HK\$1,898.6 million with original maturity date of over one year from the end of the reporting period have been reclassified to current liabilities and all of the Group’s bank borrowings of HK\$2,071.6 million become immediately repayable if demanded by the Banks, of which an instalment of loan principal amounting to HK\$135.0 million would be due for repayment in September 2024 according to the original loan repayment schedule. The management has been holding ongoing discussions with the Banks for an amicable solution in respect of the non-compliance of loan covenants and extension of repayment date of the aforesaid instalment of loan principal due in September 2024. As at the date of approval of the interim condensed consolidated financial information, the Group (a) has not obtained any waiver in respect of the non-compliance of loan covenants nor the extension of repayment date of the instalment of loan principal due in September 2024; and (b) has not received any demand for immediate repayment of the Group’s bank borrowings from the Banks.

Also within the Group's total bank and other borrowings to be due for repayment within one year from the end of the reporting period or repayable on demand, HK\$50.0 million represents a loan from the controlling shareholder of the Company, and HK\$289.4 million represents loans from the other substantial shareholders of the Company. Notwithstanding that the Group has yet to obtain further written confirmation from the controlling and substantial shareholders of the Company that they would continue to agree not to demand for repayment of these shareholder's loans within the next 12 months from the end of the reporting period, the Group expects that, based on past experience, the repayment dates of these outstanding shareholder's loans can be further extended to after 12 months from the end of the reporting period. Notwithstanding the foregoing, management was also aware of the prevailing unstable economic conditions, driven by factors including but not limited to persistent geopolitical tension, high interest rate environment and sluggish property market in Chinese Mainland, which may have adversely impacted the personal financial position and liquidity of certain of the Company's substantial shareholder, and in turn his ability to continue to provide additional financial resources to the Group for meeting its financial obligations. During the period, balance of shareholder's loans decreased by HK\$125.6 million. As such, based on the forecasts prepared by the management, there is no assumption that the decreased amount or other additional shareholder's loans will be injected back or into the Group.

Up to the date of approval of the interim condensed consolidated financial information, notwithstanding that the Group has not received any demand for immediate repayment of the Group's bank borrowings from the Banks as a result of the non-compliance of loan covenants, the Group does not currently have sufficient financial resources to fulfill its obligation of the instalment of loan principal of HK\$135.0 million due in September 2024. As stated and outlined above, there exist circumstances that cast significant doubt on the Group's ability to continue as a going concern.

The Directors consider whether the Group will have adequate funds available to enable it to continue its operations 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, will depend upon the Group's ability to generate sufficient financing and operating cash flows through the followings:

- (a) the Group is actively seeking continual support from the Banks for an amicable solution in respect of the non-compliance of loan covenants and extension of repayment date of the instalment of loan principal due in the Group's favour;
- (b) the Group is actively seeking continual support from the controlling shareholder and substantial shareholders of the Company by not requesting for repayment of shareholder's loans of HK\$339.4 million in aggregate;
- (c) the Group is considering to undertake various divestment of its assets outside of Macau with a view to improving the Group's working capital;
- (d) the Group is actively considering opportunities to raise medium to long term funding by carrying out fund raising activities notwithstanding the current relatively small market capitalisation of the Company; and

- (e) the Group has undertaken and will continue to undertake various mitigating measures to manage the current business environment, including a cost control program to minimise the cash outflow of non-essential items.

The Directors believe that, taking into account the above plans and measures being successfully achieved, the Group will have sufficient working capital to satisfy its present requirements for at least the next 12 months from the end of the reporting period. Accordingly, the Directors are satisfied that it is appropriate to prepare the interim condensed consolidated financial information of the Group for the six months ended 30 June 2024 on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- (a) the continual support from the Banks for reaching an amicable solution in respect of the non-compliance of loan covenants and extension for repayment date of the outstanding instalment of loan principal due in the Group's favour;
- (b) the continual support from the Company's controlling shareholder and substantial shareholders for not requesting for repayment of shareholder's loans of HK\$339.4 million in aggregate; and
- (c) the successful and timely completion of the Group's divestment plan and/or fund raising exercises to improve the Group's working capital.

Should the going concern assumption be inappropriate, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify its non-current assets and non-current liabilities to current assets and current liabilities, respectively. The effect of these adjustments have not been reflected in the interim condensed consolidated financial information.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

3. REVENUE

An analysis of revenue from continuing operations is as follows:

	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited) (Restated)
Revenue from gaming related operations:		
From provision of gaming related facilities and gaming related general management services under the New Service Agreement (as defined in note 4) in respect of:		
– Mass market tables	<u>208,511</u>	<u>145,146</u>
Revenue from non-gaming related operations:		
Income from hotel rooms	<u>92,342</u>	<u>107,955</u>
Income from building management services	<u>11,275</u>	<u>8,630</u>
	<u>103,617</u>	<u>116,585</u>
Food and beverage	<u>49,770</u>	<u>45,992</u>
Sales of merchandise	<u>–</u>	<u>125</u>
Others	<u>5,282</u>	<u>8,296</u>
	<u>55,052</u>	<u>54,413</u>
Licensing income from investment properties	<u>23,221</u>	<u>18,858</u>
Total non-gaming revenue	<u>181,890</u>	<u>189,856</u>
	<u><u>390,401</u></u>	<u><u>335,002</u></u>

4. SEGMENT INFORMATION

The executive Directors of the Company (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, the Executive Directors regularly analyse gaming-related revenue in terms of service income from mass market tables. 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 – Gaming related services for mass market tables under the service agreement (the “**New Service Agreement**”) entered into between Hong Hock Development Company Ltd. (“**Hong Hock**”), a wholly-owned subsidiary of the Company, and gaming operator, SJM, whereby the revenue is derived based on net gaming wins.

Non-gaming – operations at MFW, 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 of continuing operations:

For the six months ended 30 June 2024

	Gaming <i>HK\$'000</i> (Unaudited)	Non- gaming <i>HK\$'000</i> (Unaudited)	Segment total <i>HK\$'000</i> (Unaudited)	Elimination <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
External revenue	208,511	181,890	390,401	–	390,401
Intersegment revenue	–	17,722	17,722	(17,722)	–
Segment revenue	<u>208,511</u>	<u>199,612</u>	<u>408,123</u>	<u>(17,722)</u>	<u>390,401</u>
Segment profit/(loss)	<u>39,973</u>	<u>(108,942)</u>	<u>(68,969)</u>	<u>–</u>	<u>(68,969)</u>
<i>Reconciliation:</i>					
Unallocated depreciation and amortisation					(27,161)
Unallocated corporate income and expenses, net					5,560
Finance costs					<u>(97,248)</u>
Loss before tax from continuing operations					<u>(187,818)</u>

For the six months ended 30 June 2023

	Gaming <i>HK\$'000</i> (Unaudited) (Restated)	Non-gaming <i>HK\$'000</i> (Unaudited) (Restated)	Segment total <i>HK\$'000</i> (Unaudited) (Restated)	Elimination <i>HK\$'000</i> (Unaudited) (Restated)	Consolidated <i>HK\$'000</i> (Unaudited) (Restated)
External revenue	145,146	189,856	335,002	–	335,002
Intersegment revenue	–	13,703	13,703	(13,703)	–
Segment revenue	<u>145,146</u>	<u>203,559</u>	<u>348,705</u>	<u>(13,703)</u>	<u>335,002</u>
Segment profit/(loss)	<u>12,172</u>	<u>(105,334)</u>	<u>(93,162)</u>	<u>–</u>	<u>(93,162)</u>

Reconciliation:

Unallocated depreciation and amortisation					(27,161)
Unallocated corporate income and expenses, net					(4,889)
Finance costs					<u>(90,673)</u>
Loss before tax from continuing operations					<u>(215,885)</u>

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, net, 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

An analysis of finance costs from continuing operations is as follows:

	For the six months ended 30 June	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited) (Restated)
Interest on bank borrowings	72,311	62,460
Interest on other borrowings	21,355	23,427
Interest on lease liabilities	2,431	2,397
Amortisation of finance costs on bank borrowings and other finance costs	1,151	2,389
	<u>97,248</u>	<u>90,673</u>

6. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited) (Restated)
Reversal of write down of inventories to net realisable value	–	(303)
Cost of inventories sold	26,806	31,269
Depreciation of investment properties	8,997	8,997
Depreciation of property and equipment	134,643	147,973
Depreciation of right-of-use assets (included in cost of sales and services of HK\$22,328,000 (2023: HK\$22,498,000) and operating, administrative and other expenses of HK\$53,000 (2023: HK\$53,000))	22,381	22,551
Loss/(gain) on disposal of property and equipment	9,995	(732)
Gross licensing income from investment properties	(23,221)	(18,858)
Less: Direct operating expenses that generate licensing income from investment properties	8,997	8,997
Net licensing income from investment properties	<u>(14,224)</u>	<u>(9,861)</u>
Bank interest income	(88)	(41)
Foreign exchange differences, net	<u>(126)</u>	<u>(94)</u>

7. INCOME TAX

	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Macau complementary tax – current period	<u>(385)</u>	<u>(385)</u>
Cambodia withholding tax – current period	<u>(10)</u>	<u>(172)</u>
Deferred tax credit	<u>3,253</u>	<u>3,253</u>
Total tax credit for the period from continuing operations	2,858	2,696
Total tax charge for the period from a discontinuing operation	<u>(15,096)</u>	<u>(9,174)</u>
Total	<u>(12,238)</u>	<u>(6,478)</u>

8. DISCONTINUED OPERATION

In May 2024, the Company completed the disposal of MLD Resorts Laos Limited, a limited company incorporated in the British Virgin Islands which is an indirect wholly-owned subsidiary of the Company. MLD Resorts Laos Limited is engaged in the gaming and hotel business in Lao People's Democratic Republic (“**Lao PDR**”). The Group decided to cease its business operation in Lao PDR in order to centralise and reallocate its resources to its business operation in Macau and future development. MLD Resorts Laos Limited was classified as a discontinued operation and the business operation in Lao PDR was no longer included in the note for operating segment information.

The results of MLD Resorts Laos Limited for the period are presented below:

	For the period from 1 January 2024 to date of disposal HK\$'000 (Unaudited)	For the six months ended 30 June 2023 HK\$'000 (Unaudited)
Revenue	51,018	85,230
Expenses	(38,661)	(44,967)
Finance costs	(138)	(398)
	<hr/>	<hr/>
Profit from the discontinued operation	12,219	39,865
Gain on disposal of the discontinued operation	77,912	–
	<hr/>	<hr/>
Profit before tax from the discontinued operation	90,131	39,865
Income tax:		
Related to Lao PDR annual flat tax and income tax	(8,877)	(9,174)
Related to gain on disposal	(6,219)	–
	<hr/>	<hr/>
Profit for the period from the discontinued operation	75,035	30,691
	<hr/> <hr/>	<hr/> <hr/>
Earnings per share:		
Basic (HK cents), from the discontinued operation	1.21	0.49
	<hr/> <hr/>	<hr/> <hr/>

The calculation of basic earnings per share from the discontinued operation is based on:

	For the period from 1 January 2024 to date of disposal <i>HK\$'000</i> (Unaudited)	For the six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited)
<u>Earnings</u>		
Profit from the discontinued operation	75,035	30,691

	Number of shares For the period from 1 January 2024 to date of disposal '000 (Unaudited)	For the six months ended 30 June 2023 '000 (Unaudited)
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation (note 10)	6,201,187	6,201,187

9. DIVIDEND

The Directors have determined that no dividend will be paid in respect of the interim period in 2024 (2023: Nil).

10. LOSS PER SHARE

The calculations of basic loss per share are based on:

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<u>Loss</u>		
(Loss)/profit for the period for the purpose of basic loss per share calculation		
From continuing operations	(184,960)	(213,189)
From a discontinued operation	75,035	30,691
	<u>(109,925)</u>	<u>(182,498)</u>
	Number of shares	
	For the six months	
	ended 30 June	
	2024	2023
	'000	'000
	(Unaudited)	(Unaudited)
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	<u>6,201,187</u>	<u>6,201,187</u>

Diluted loss per share amounts are not presented as the Group did not have any dilutive potential ordinary shares for both interim periods.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Trade receivables	118,345	155,276
Less: Impairment losses	<u>(52,634)</u>	<u>(64,065)</u>
	<u>65,711</u>	<u>91,211</u>
Other receivables	83,570	82,370
Less: Impairment losses	<u>(67,131)</u>	<u>(67,131)</u>
	<u>16,439</u>	<u>15,239</u>
Deposits and prepayments	<u>16,508</u>	<u>17,774</u>
Total trade and other receivables, deposits and prepayments	<u>98,658</u>	<u>124,224</u>

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

	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Within 3 months	58,813	72,152
Over 3 months but within 6 months	1,151	636
Over 6 months but within 1 year	670	13,423
Over 1 year	<u>5,077</u>	<u>5,000</u>
	<u>65,711</u>	<u>91,211</u>

12. TRADE AND OTHER PAYABLES

	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Trade payables	30,175	39,445
Construction and retention payables	16,606	16,883
Other payables	82,924	100,932
Deposit received for disposal of a subsidiary	–	78,153
Deposits received from tenants	29,036	25,222
Deposits received from gaming promoters	–	1,211
Accrued staff costs	63,960	67,907
Other sundry accruals	38,200	38,158
	<hr/>	<hr/>
Total trade and other payables	260,901	367,911

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

	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Within 3 months	30,137	38,851
Over 3 months but within 6 months	37	535
Over 6 months but within 1 year	1	–
Over 1 year	–	59
	<hr/>	<hr/>
	30,175	39,445

13. COMPARATIVE AMOUNTS

The comparative figures in the unaudited condensed consolidated statement of profit or loss and other comprehensive income have been re-presented as if the operation discontinued during the current period had been discontinued at the beginning of the comparative period (note 8).

EXTRACTS OF INDEPENDENT AUDITOR'S REVIEW REPORT

The Company's independent auditor has disclaimed the conclusion in its report on review of the interim financial information of the Group for the six months ended 30 June 2024, and extract of which is as follows:

Basis for disclaimer of conclusion

Multiple Uncertainties Relating to Going Concern

As set out in note 2.1 to the interim financial information, the Group had net current liabilities of approximately HK\$2,497.3 million as at 30 June 2024 and incurred a net loss of HK\$109.9 million during the six months ended 30 June 2024. The Group's total bank and other borrowings amounted to HK\$2,411.0 million, which will be due for repayment within the next 12 months from the end of the reporting period or are repayable on demand, while its cash and cash equivalents amounted to HK\$65.1 million as at 30 June 2024. As a result of non-compliance of certain loan covenants by the Group, its total outstanding bank borrowings of HK\$2,071.6 million become immediately repayable if demanded by the creditor banks, of which an instalment of loan principal amounting to HK\$135.0 million will be due for repayment in September 2024 according to the original loan repayment schedule. These conditions, together with other matters set out in note 2.1 to the interim financial information, indicate the existence of material uncertainties which cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have undertaken measures to improve the Group's liquidity and financial position, which are set out in note 2.1 to the interim financial information. The validity of the going concern assumption on which the interim financial information has been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) the continual support from the Group's creditor banks for reaching an amicable solution in respect of the non-compliance of loan covenants and extension for repayment date of the outstanding instalment of loan principal due in the Group's favour; (ii) the continual support from the Company's controlling shareholder and substantial shareholders for not requesting for repayment of shareholder's loans of HK\$339.4 million in aggregate; and (iii) the successful and timely completion of the Group's divestment plan and/or fund raising exercises to improve the Group's working capital.

As a result of these multiple uncertainties, their potential interaction, and the possible cumulative effect thereof, we were unable to form a conclusion as to whether the going concern basis of preparation is appropriate. Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities to current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the interim financial information.

Disclaimer of conclusion

We do not express a conclusion on the interim financial information of the Group. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the interim financial information as described in the *Basis for disclaimer of conclusion* section of our report, it is not possible for us to form a conclusion on the interim financial information.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Interim Results

For the six months ended 30 June 2024, the Group achieved a total reported revenue from continuing operations of approximately HK\$390.4 million, representing an increase of approximately HK\$55.4 million or approximately 16.5% as compared to that of the last corresponding period of approximately HK\$335.0 million.

A. Gaming Services – Continuing Operations

The Group's revenue from gaming services consisted of service income received from SJM for services and facilities provided relating to mass market tables in the Legend Palace Casino.

Legend Palace Casino

	Mass Market Tables		
	For the six months ended 30 June		
	2024	2023	change
	HK\$'000	HK\$'000	%
Games drop	2,171,282	1,717,340	26.4
Net win	379,111	261,279	45.1
Hold rate	17.46%	15.21%	2.3
Average number of tables	33	32	3.1
Net win per table	63	45	40.0
Reported revenue	208,511	145,146	43.7
No. of gaming tables in operation as of period end	33	33	0.0

As at 30 June 2024, the Group had a total of 33 gaming tables in Macau (30 June 2023: 33), of which 33 (30 June 2023: 33) were put into operation.

B. Non-gaming – Continuing Operations

For the six months ended 30 June 2024, the Group recorded total non-gaming revenue of approximately HK\$181.9 million, representing a decrease by approximately HK\$8.0 million or approximately 4.2% below that of the last corresponding period of approximately HK\$189.9 million.

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

	Six months ended 30 June	
	2024	2023
	HK\$’000	HK\$’000
Income from hotel rooms	92,342	107,955
Licensing income from investment properties	23,221	18,858
Income from building management services	11,275	8,630
Food and beverage	49,770	45,992
Sales of merchandise	–	125
Others	5,282	8,296
	<hr/>	<hr/>
Total revenue from non-gaming continuing operations	<u>181,890</u>	<u>189,856</u>

The following table sets out certain key operational data on our major hotel operations of the Group for the six months ended 30 June 2024 and 2023:

	For the six months ended 30 June			
	2024		2023	
	Legend Palace Hotel	Harbourview Hotel	Legend Palace Hotel	Harbourview Hotel
Occupancy rate (%)	90.8	89.1	90.2	95.0
ADR (HK\$)	951	779	1,044	828
REVPAR (HK\$)	863	694	941	787

Adjusted EBITDA – Continuing Operations

Adjusted EBITDA on continuing operations for the six months ended 30 June 2024 was a profit of approximately HK\$85.3 million, representing an improvement of approximately HK\$33.1 million as compared with the last corresponding period of a profit of approximately HK\$52.2 million. The following table reconciles the Adjusted EBITDA on continuing operations to the loss for the period from continuing operations:

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Loss for the period from continuing operations	(184,960)	(213,189)
Adjustments for:		
Finance costs	97,248	90,673
Depreciation of investment properties	8,997	8,997
Depreciation of right-of-use assets	22,381	22,551
Depreciation of property and equipment	134,643	147,973
Loss/(gain) on disposal of property and equipment	9,995	(732)
Impairment/(reversal of) losses on financial assets	35	(184)
Reversal of write down of inventories to net realisable value	–	(303)
Bank interest income	(88)	(41)
Compensation income	(67)	(49)
Income tax expenses	(2,858)	(2,696)
Other	–	(788)
	<hr/>	<hr/>
Adjusted EBITDA – Continuing Operations	<u>85,326</u>	<u>52,212</u>

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Gaming services	65,530	33,268
Non-gaming operations	24,970	28,662
Sub-total	90,500	61,930
Unallocated corporate expenses ⁽¹⁾	(5,174)	(9,718)
Adjusted EBITDA – Continuing Operations	85,326	52,212

Remark:

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

Adjusted EBITDA from continuing operations of the Group and unallocated corporate expenses, mainly arising from the operations at MFW Group, for the six months ended 30 June 2024 increased by approximately HK\$33.1 million to a profit of approximately HK\$85.3 million as compared with that of the last corresponding period.

The Group's loss for the six months ended 30 June 2024 was approximately HK\$185.0 million, it was narrowed by approximately 13.2% as compared to the loss of approximately HK\$213.2 million in the last corresponding period.

Both the increase in Adjusted EBITDA from continuing operations and the narrowing of loss for the period were mainly attributable to the increase in Adjusted EBITDA generated from the gaming services provided in the Legend Palace Casino.

Dividend

The Board will not declare any interim dividend for the six months ended 30 June 2024 (2023: nil).

OUTLOOK

Visitation in Macau experienced a significant upswing in year 2023 which continued through the first half of year 2024. According to the figures from Macau SAR Government Statistics and Census Service, the total number of visitor arrivals in the first half of 2024 increased to 16.7 million from 11.7 million in the first half of 2023, representing an increase of 42.7%; however, the monthly average occupancy rate of hotel sector only increased by approximately 6.2% from 77.8% in the first six months of 2023 to 84.0% in the first six months of 2024 while the quarterly average value of retail sales even dropped by 17.5% from HK\$21.7 billion in the first two quarters of 2023 to HK\$17.9 billion in the first two quarters of 2024. Due to the sensible spending pattern of visitors, as well as locally, we remained cautiously optimistic towards tourism, retail and catering industries in Macau.

For the gaming operation of the Group in Macau, the total revenue recorded in the first half of 2024 increased by approximately HK\$63.4 million as compared to the first half of 2023, representing an increase of 43.7% while the Adjusted EBITDA increased from approximately HK\$33.3 million generated in the first six months of 2023 to approximately HK\$65.5 million generated in the first six months of 2024. The increases were mainly due to the facts that the first few months of 2023 were still adversely impacted by COVID-19 and that our operation teams became more mature through the operation of one whole year.

For the non-gaming operations of the Group in Macau, the total revenue recorded in the first half of 2024 decreased slightly by approximately HK\$8.0 million as compared to the first half of 2023, representing a decrease of 4.2% while the Adjusted EBITDA also decreased from approximately HK\$28.7 million generated in the first six months of 2023 to approximately HK\$25.0 million generated in the first six months of 2024. The decreases were mainly due to the drop in average daily room rate, causing the decrease in revenue from hotel rooms. As reported by Macau SAR Government Statistics and Census Service, similar trend in the market was observed where the price index for accommodation in the second quarter of 2024, on a year-on-year basis, dropped by 4.39%.

Looking forward to the second half of 2024, the Group will continue to execute its strategies to get better equipped to seize opportunities and to overcome challenges. Resources will continue to be allocated to optimize the facilities of the Macau Fisherman's Wharf to enhance exclusive experience in the waterfront complex, as well as its flexibility to host large-scale events. Moreover, the market generally expects that the United States will soon be starting to commence interest rate cut; if this goes as expected, it will not only benefit the further recovery in tourism related industries as a whole, but also enable the Group to spare more cash flow for future development.

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 2024, the consolidated net assets attributable to owners of the Company amounted to approximately HK\$3,552.8 million, representing a decrease of approximately HK\$152.4 million from approximately HK\$3,705.2 million as at 31 December 2023. The decrease in consolidated net assets during the six months ended 30 June 2024 was mainly due to the Group's loss for the period of approximately HK\$109.9 million.

Cash and cash equivalents

As at 30 June 2024, cash and bank balances held by the Group amounted to approximately HK\$66.8 million (including pledged bank deposits of approximately HK\$1.7 million), which was denominated mainly in HK\$ and MOP. Given MOP is linked to HK\$, the Group considers the exposure to exchange rate risk is nominal for its cash and bank balances denominated in MOP.

Borrowings

As at 30 June 2024, the Group had outstanding (i) secured and guaranteed bank borrowings of approximately HK\$2,071.6 million, and (ii) unsecured, non-guaranteed and interest-bearing other borrowings of HK\$339.4 million. The bank borrowings and other borrowings carried interest at Hong Kong Interbank Offered Rate plus 2.25%-3% per annum and 5%-11.4% per annum respectively. The Group's bank borrowings and other borrowings were denominated in HK\$.

Charge on the Group's Assets

As at 30 June 2024, 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\$437.8 million (31 December 2023: approximately HK\$446.8 million), buildings with a total carrying amount of approximately HK\$3,621.3 million (31 December 2023: approximately HK\$3,555.2 million), right-of-use assets with a total carrying amount of approximately HK\$1,046.7 million (31 December 2023: approximately HK\$1,067.9 million), trade receivables of approximately HK\$54.2 million (31 December 2023: approximately HK\$69.0 million), bank deposits of approximately HK\$1.7 million (31 December 2023: approximately HK\$1.7 million) and rental deposits paid of approximately HK\$1.6 million (31 December 2023: approximately HK\$1.6 million).

Gearing

The Group's net gearing ratio is expressed as a percentage of total borrowing (e.g. bank and other borrowings) minus cash (eg. pledged bank deposits and cash and bank balances) over total equity. As at 30 June 2024, the Group's net gearing ratio was 66.0% (31 December 2023: 66.6%).

Purchase, Sale or Redemption of Listed Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares (including sale of treasury shares) during the six months ended 30 June 2024. As at 30 June 2024, there were no treasury shares held by the Company.

Employees and Remuneration Policies

As at 30 June 2024, the Group had a total of approximately 1,147 (31 December 2023: 1,149) employees, including approximately 327 (31 December 2023: 293) gaming operation employees who were employed and paid by SJM but over whom the Group exercised oversight in accordance with the New 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 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 2024, the Company has complied with the CG Code except for code provision C.2.1.

Code provision C.2.1

Code provision C.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.

Mr Li Chu Kwan currently performs both of the roles as the chairman of the Board and the chief executive officer of the Company. This deviates from code provision C.2.1 of the CG Code. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The Board believes that vesting both the roles of chairman and the chief executive officer in the same person has the benefit of providing a strong and consistent leadership to the Group and allows for more effective planning, management and implementation of the overall strategy of the Group. In addition, the Board is of the view that the balanced composition of executive and the independent non-executive Directors on the Board and the various committees of the Board (primarily comprising independent non-executive Directors) in overseeing different aspects of the Company's affairs would provide adequate safeguards to ensure a balance of power and authority. The Board will continue to review and consider splitting the roles of the chairman and the chief executive officer at a time when appropriate and suitable by taking into account the circumstances of the Group as a whole. Hence, the aforesaid deviation is appropriate and in the best interest of the Company at the present stage.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there are no other significant events which have occurred after the reporting period that either request adjustment to the financial statement or are material to the understanding of the Group's current position.

REVIEW OF UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The Company's unaudited interim condensed consolidated financial information for the six months ended 30 June 2024 has been reviewed by the Audit Committee, which currently comprises three independent non-executive Directors, namely Mr Lau Ngai Kee, Ricky, Mr Wang Hongxin and Mr Mak Ka Wing, Patrick and a non-executive Director, namely 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. The Audit Committee considers that the interim results for the six months ended 30 June 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

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
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code contained in Appendix C1 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
“COVID-19”	Coronavirus Disease 2019
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKAS”	Hong Kong Accounting Standard
“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
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Lao PDR”	the Lao People’s Democratic Republic
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Macau”	the Macau Special Administrative Region of the 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
“MOP”	Macau Pataca, the lawful currency of Macau
“New Service Agreement”	the service agreement dated 30 December 2022 and its related amendments entered into between Hong Hock and SJM, under which the Group provides gaming services to SJM in Legend Palace Casino.
“PRC” or “China”	the People’s Republic of China, for the sole purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“REVPAR”	revenue per available room
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“SJM”	SJM Resorts, S.A.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
Macau Legend Development Limited
Li Chu Kwan

Chairman, executive Director and chief executive officer

Hong Kong, 30 August 2024

As at the date of this announcement, the executive Directors are Mr Li Chu Kwan and Ms Chan Mei Yi, Melinda; the non-executive Directors are Ms Ho Chiulin, Laurinda, Mr Li Chun Tak and Mr Wong Che Man Eddy; and the independent non-executive Directors are Mr Wang Hongxin (alias Wang, Charles Hongxin), Mr Lau Ngai Kee, Ricky and Mr Mak Ka Wing, Patrick.

* *for identification purposes only*