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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

RESULTS

The Board announces the consolidated annual results of the Group for the year ended 31 December 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	<i>Notes</i>	2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
			(Restated)
CONTINUING OPERATIONS			
REVENUE	3	771,465	739,656
Cost of sales and services		<u>(675,780)</u>	<u>(697,256)</u>
		95,685	42,400
Other income, gains and losses, net (Impairment losses)/reversal of impairment	5	(5,330)	(1,108)
losses on financial assets, net		(22)	138
Impairment losses on non-financial assets	6	(376,239)	–
Marketing and promotional expenses		(113,035)	(101,612)
Operating, administrative and other expenses		(152,369)	(208,637)
Finance costs	7	<u>(189,792)</u>	<u>(202,159)</u>

* for identification purposes only

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000 (Restated)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	<i>8</i>	(741,102)	(470,978)
Income tax credit	<i>9</i>	<u>43,440</u>	<u>421,096</u>
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(697,662)	(49,882)
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation	<i>10</i>	<u>75,035</u>	<u>44,961</u>
LOSS FOR THE YEAR		<u>(622,627)</u>	<u>(4,921)</u>
OTHER COMPREHENSIVE INCOME:			
<i>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations – subsidiaries		(18,644)	1,938
Reclassification adjustment for a foreign operation disposed of during the year		<u>(25,967)</u>	<u>–</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		<u>(44,611)</u>	<u>1,938</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(667,238)</u>	<u>(2,983)</u>
LOSS PER SHARE			
Basic (HK cents)			
– For loss for the year	<i>12</i>	<u>(10.04)</u>	<u>(0.08)</u>
– For loss form continuing operations	<i>12</i>	<u>(11.25)</u>	<u>(0.80)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Investment properties		428,777	446,771
Property and equipment		3,855,098	4,571,922
Right-of-use assets		1,014,905	1,150,094
Other intangible assets		–	43,305
Loan to an associate		226,631	210,888
Deposits paid		196,111	229,184
Total non-current assets		5,721,522	6,652,164
CURRENT ASSETS			
Inventories		11,448	21,321
Trade and other receivables, deposits and prepayments	<i>13</i>	94,236	124,224
Pledged bank deposits		1,681	1,674
Cash and bank balances		52,321	63,233
Total current assets		159,686	210,452
CURRENT LIABILITIES			
Trade and other payables	<i>14</i>	266,087	367,911
Tax payable		–	770
Bank and other borrowings		2,405,775	633,607
Lease liabilities		784	7,732
Total current liabilities		2,672,646	1,010,020
NET CURRENT LIABILITIES		(2,512,960)	(799,568)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,208,562	5,852,596

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*At 31 December 2024*

	2024 HK\$'000	2023 <i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Bank and other borrowings	–	1,934,949
Lease liabilities	87,220	86,384
Deferred tax liabilities	83,351	126,034
	<hr/>	<hr/>
Total non-current liabilities	170,571	2,147,367
	<hr/>	<hr/>
NET ASSETS	3,037,991	3,705,229
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Share capital	620,119	620,119
Reserves	2,417,872	3,085,110
	<hr/>	<hr/>
TOTAL EQUITY	3,037,991	3,705,229
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRSs (which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance.

These consolidated financial statements are 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. They have been prepared under the historical cost convention.

Going concern basis

The Group had net current liabilities of approximately HK\$2,513.0 million as at 31 December 2024 and incurred a net loss of approximately HK\$622.6 million during the year ended 31 December 2024. The Group's total bank and other borrowings amounted to HK\$2,405.8 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 instalments of loan principal amounting to HK\$166.4 million which have been in default as at the date of approval of these consolidated financial statements and instalments of loan principal with an aggregate amount of HK\$144.0 million which will be due by the end of 2025 according to the original loan repayment schedule, while its cash and bank balances amounted to HK\$52.3 million as at 31 December 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 borrowings including interest. During the year ended 31 December 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 Laos 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. 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 dates of the aforesaid instalments of loan principal in default and installments to be due in 2025. As at the date of approval of these consolidated financial statements, the Group (a) has not obtained any waiver in respect of the non-compliance of loan covenants nor extension of repayment dates of the instalments of loan principal in default and installments to be due in 2025; and (b) has not received any demand for immediate repayment of the Group's remaining bank borrowings from the Banks other than the instalments of loan principal of HK\$166.4 million in default.

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 management of the Group expects that, based on past experience, the controlling and substantial shareholders of the Company would not demand for repayment of these shareholders' loans within the next 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 China, which may have adversely impacted the personal financial position and liquidity of certain of the Company's substantial shareholders, and in turn their ability to continue to provide additional financial resources to the Group for meeting its financial obligations. During the year ended 31 December 2024, balance of shareholders' loans decreased by HK\$125.6

million upon partial repayment made by the Group to the substantial shareholders. As such, based on the forecasts prepared by the management, management assumes that there is no further repayment of shareholders' loans and there is no assumption that the decreased amount or other additional shareholder's loan will be injected back or into the Group within the next 12 months from the end of the reporting period.

Up to the date of approval of these consolidated financial statements, 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 fulfil its obligation of the instalments of loan principal of HK\$166.4 million which have been in default as at the date of approval of these consolidated financial statements.

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 following:

- (a) the Group is actively seeking continual support from the Banks for not taking any actions against the Group to exercise their right to demand immediate repayment of the Group's outstanding borrowings as a result of the non-compliance of loan covenants and the Group's default in instalments of loan principal due;
- (b) the Group is actively seeking continual support from the Banks for the restructuring of the Group's outstanding instalments of loan principal in default and instalments of loan to be due in 2025 in the Group's favour;
- (c) the Group is actively seeking continual support from the controlling shareholder and substantial shareholders of the Company by not requesting for repayment of shareholders' loans of HK\$339.4 million in aggregate; and
- (d) 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 consolidated financial statements of the Group for the year ended 31 December 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 not taking any actions against the Group to exercise their right to demand immediate repayment of the Group's outstanding borrowings as a result of the non-compliance of loan covenants and the Group's default in instalments of loan principal due;
- (b) the continual support from the Banks for the restructuring of the Group's outstanding instalments of loan principal in default and instalments to be due in 2025 in the Group's favour; and
- (c) the continual support from the Company's controlling shareholder and substantial shareholders for not requesting for repayment of shareholders' loans of HK\$339.4 million in aggregate.

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 effects of these adjustments have not been reflected in the consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

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 (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the new and revised HKFRSs that are applicable to the Group 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. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

3. REVENUE

An analysis of revenue from continuing operation is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
Revenue from gaming related operations:		
Recognised over time:		
From provision of gaming related facilities and gaming related general management services under the New Service Agreement in respect of:		
– Mass market tables	<u>393,139</u>	<u>335,663</u>
Revenue from non-gaming related operations:		
Recognised over time:		
Income from hotel rooms	197,467	218,570
Income from building management services	<u>26,012</u>	<u>20,070</u>
	<u>223,479</u>	<u>238,640</u>
Recognised at a point in time:		
Food and beverage	103,496	107,385
Sales of merchandise	72	164
Others	<u>7,235</u>	<u>18,938</u>
	<u>110,803</u>	<u>126,487</u>
For operating leases:		
Licensing income from investment properties	<u>44,044</u>	<u>38,866</u>
Total non-gaming revenue	<u>378,326</u>	<u>403,993</u>
	<u><u>771,465</u></u>	<u><u>739,656</u></u>

4. SEGMENT INFORMATION

The executive Directors of the Company (the “**Executive Directors**”) have been identified as the chief operating decision maker (the “**CODM**”). 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 the management has determined to organise the Group with reference to the differences in 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 New Service Agreement entered into between Hong Hock Development Company Ltd. (“**Hong Hock**”), a wholly-owned subsidiary of the Company, and the 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 service, food and beverage and others. For segment reporting under HKFRS 8, financial information of these operations with similar economic characteristics has been aggregated into a single operating segment named “non-gaming”.

Segment revenue and results:

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

Year ended 31 December 2024

	Gaming	Non-gaming	Segment	Elimination	Consolidated
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>total</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
External revenue	393,139	378,326	771,465	–	771,465
Inter-segment revenue	–	34,830	34,830	(34,830)	–
Segment revenue	<u>393,139</u>	<u>413,156</u>	<u>806,295</u>	<u>(34,830)</u>	<u>771,465</u>
Segment profit/(loss)	<u>51,572*</u>	<u>(539,535)#</u>	<u>(487,963)</u>	<u>–</u>	<u>(487,963)</u>
<i>Reconciliation:</i>					
Unallocated depreciation and amortisation					(54,191)
Unallocated other income and corporate expenses, net					(9,156)
Finance costs					<u>(189,792)</u>
Loss before tax from continuing operations					<u><u>(741,102)</u></u>

* The gaming segment profit included impairment losses on deposits paid of HK\$15,098,000.

The non-gaming segment loss included impairment losses on deposits paid of HK\$12,360,000, property and equipment of HK\$274,473,000, and right-of-use assets of HK\$74,308,000, further details of which are disclosed in note 6 below.

Year ended 31 December 2023

	Gaming <i>HK\$'000</i> (Restated)	Non-gaming <i>HK\$'000</i> (Restated)	Segment total <i>HK\$'000</i> (Restated)	Elimination <i>HK\$'000</i> (Restated)	Consolidated <i>HK\$'000</i> (Restated)
External revenue	335,663	403,993	739,656	–	739,656
Inter-segment revenue	–	32,986	32,986	(32,986)	–
Segment revenue	<u>335,663</u>	<u>436,979</u>	<u>772,642</u>	<u>(32,986)</u>	<u>739,656</u>
Segment profit/(loss)	<u>32,974</u>	<u>(234,976)</u>	<u>(202,002)</u>	<u>–</u>	<u>(202,002)</u>
<i>Reconciliation:</i>					
Unallocated depreciation and amortisation					(54,322)
Unallocated other income and corporate expenses, net					(12,495)
Finance costs					<u>(202,159)</u>
Loss before tax from continuing operations					<u><u>(470,978)</u></u>

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the results of each segment without allocation of depreciation of certain investment properties and property and equipment arising from the fair value adjustments on acquisition of MFW and its subsidiaries (the "MFW Group") and amortisation of other intangible assets, unallocated other income and corporate expenses, net, and finance costs. Unallocated corporate expenses include Directors' remuneration paid or payable by the Company and certain administrative expenses for corporate use. This is the measure reported to the Executive Directors for the purposes of resource allocation and performance assessment.

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

5. OTHER INCOME, GAINS AND LOSSES, NET

An analysis of other income, gains and losses, net from continuing operations is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
(a) Other income		
Interest income from bank deposits	193	135
Insurance claims received	134	90
Others	7,250	10,713
	<u>7,577</u>	<u>10,938</u>
(b) Other gains and losses, net		
Exchange gains/(losses), net	269	(12)
Loss on disposal of property and equipment	(13,176)	(12,034)
	<u>(12,907)</u>	<u>(12,046)</u>
Total other income, gains and losses, net	<u>(5,330)</u>	<u>(1,108)</u>

6. IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS

Year ended 31 December 2024

	Macau <i>HK\$'000</i>	Cape Verde <i>HK\$'000</i>	Total <i>HK\$'000</i>
Impairment losses on:			
Deposits paid	113	27,345	27,458
Property and equipment	260,955	13,518	274,473
Right-of-use assets	69,286	5,022	74,308
	<u>330,354</u>	<u>45,885</u>	<u>376,239</u>
Total impairment losses	<u>330,354</u>	<u>45,885</u>	<u>376,239</u>

During the year ended 31 December 2024, total impairment losses of HK\$376,239,000 was recognised in relation to the non-financial assets held by the Group's investment projects in Macau and Cape Verde which are classified as separate cash generating unit ("CGU").

In Macau, with the facts that the New Service Agreement is nearing its conclusion and the accompanying three-year transition period is drawing to a close, together with substantial losses before tax incurred by the Group, an impairment indicator existed and therefore the Group has performed an impairment assessment of its non-current non-financial assets related to the CGU. The management engaged an independent external valuer to assess the recoverable amounts of these assets based on value-in-use, concluding on an impairment loss of HK\$330,354,000.

In Cape Verde, a notice was received from the government stating its decision to terminate the establishment convention and related concessions, mainly citing delays in the project's progress, with requests to take control of the project. This led to a disagreement and possible actions by the Group under legal advice. The management is also implementing necessary measures to safeguard the interests of the Group and its shareholders, including exploring all available options to protest its position. The Cape Verde project was fully impaired, resulting in an impairment loss of HK\$45,885,000.

7. FINANCE COSTS

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

	2024 HK\$'000	2023 HK\$'000 (Restated)
Interest on bank borrowings	142,314	140,948
Interest on other borrowings	39,224	51,196
Interest on lease liabilities	4,860	4,791
Amortisation of finance costs on bank borrowings and other finance costs	3,394	5,224
	<hr/>	<hr/>
Total finance costs	189,792	202,159
	<hr/> <hr/>	<hr/> <hr/>

8. LOSS BEFORE TAX

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

	2024 HK\$'000	2023 HK\$'000 (Restated)
Staff costs		
Directors' remuneration	5,641	6,496
Other staff costs		
– salaries and other benefits	200,754	216,506
– contributions to retirement benefits schemes	3,481	2,900
Total staff costs	209,876	225,902
Reversal of allowance for inventories (included in cost of sales and services)	(784)	(390)
Auditor's remuneration	4,313	4,280
Cost of inventories sold	48,376	67,947
Depreciation of investment properties	17,994	17,994
Depreciation of property and equipment	260,075	292,077
Depreciation of right-of-use assets (included in cost of sales and services of HK\$44,656,000 (2023: HK\$44,934,000) and operating, administrative and other expenses of HK\$105,000 (2023: HK\$106,000))	44,761	45,040
Gross licensing income from investment properties	(44,044)	(38,866)
Less: Direct operating expenses that generate licensing income from investment properties	17,994	17,994
Net licensing income from investment properties	(26,050)	(20,872)

9. INCOME TAX

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Macau complementary tax		
– current year	–	(770)
– over provision in prior year	<u>770</u>	<u>415,537</u>
	770	414,767
Cambodia withholding tax		
– current year	<u>(13)</u>	<u>(177)</u>
Deferred tax credit	<u>42,683</u>	<u>6,506</u>
Total tax credit for the year from continuing operations	43,440	421,096
Total tax charge for the period/year from a discontinued operation	<u>(15,096)</u>	<u>(17,165)</u>
Total income tax credit	<u>28,344</u>	<u>403,931</u>

10. 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 ceased 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/year are presented below:

	For the period from 1 January 2024 to the date of disposal HK\$'000	For the year ended 31 December 2023 HK\$'000
Revenue	51,018	161,989
Expenses	(38,661)	(99,173)
Finance costs	(138)	(690)
	<hr/>	<hr/>
Profit from the discontinued operation	12,219	62,126
Gain on disposal of the discontinued operation	77,912	–
	<hr/>	<hr/>
Profit before tax from the discontinued operation	90,131	62,126
Income tax charge:		
Related to Lao PDR annual flat tax and income tax	(8,877)	(17,165)
Related to gain on disposal	(6,219)	–
	<hr/>	<hr/>
Profit for the period/year from the discontinued operation	75,035	44,961
	<hr/>	<hr/>
Earnings per share:		
Basic (HK cents), from the discontinued operation	1.21	0.73
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The calculation of basic earnings per share from the discontinued operation is based on:

	For the period from 1 January 2024 to the date of disposal HK\$'000	For the year ended 31 December 2023 HK\$'000
Earnings		
Profit from the discontinued operation	75,035	44,961
	<hr/>	<hr/>
	Number of shares	
	For the period from 1 January 2024 to the date of disposal '000	For the year ended 31 December 2023 '000
Shares		
Weighted average number of ordinary shares outstanding during the period/year used in the basic loss per share calculation	6,201,187	6,201,187
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11. DIVIDEND

No dividend was paid or proposed for ordinary shares by the Company during the year (2023: Nil).

12. LOSS PER SHARE

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

Loss

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(Loss)/profit for the year for the purpose of basic loss per share calculation		
From continuing operations	(697,662)	(49,882)
From a discontinued operation	<u>75,035</u>	<u>44,961</u>
Loss for the year for the purposes of calculation of basic loss per share	<u><u>(622,627)</u></u>	<u><u>(4,921)</u></u>

Number of shares

	2024 <i>'000</i>	2023 <i>'000</i>
Weighted average number of ordinary shares outstanding during the year for the purpose of basic loss per share calculation	<u><u>6,201,187</u></u>	<u><u>6,201,187</u></u>

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

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	111,993	155,276
Less: Impairment losses	<u>(52,648)</u>	<u>(64,065)</u>
	<u>59,345</u>	<u>91,211</u>
Other receivables	85,408	82,370
Less: Impairment losses	<u>(67,131)</u>	<u>(67,131)</u>
	<u>18,277</u>	<u>15,239</u>
Deposit and prepayments	<u>16,614</u>	<u>17,774</u>
Total trade and other receivables, deposits and prepayments	<u><u>94,236</u></u>	<u><u>124,224</u></u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 3 months	53,541	72,152
Over 3 months but within 6 months	605	636
Over 6 months but within 1 year	122	13,423
Over 1 year	5,077	5,000
	59,345	91,211

14. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	33,837	39,445
Construction and retention payables	16,307	16,883
Other payables	73,827	100,932
Deposit received for disposal of a subsidiary	–	78,153
Deposits received from tenants	27,323	25,222
Deposits received from gaming promoters	–	1,211
Accrued staff costs	37,203	38,158
Other sundry accruals	77,590	67,907
Total trade and other payables	266,087	367,911

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 3 months	33,327	38,851
Over 3 months but within 6 months	119	535
Over 6 months but within 1 year	344	–
Over 1 year	47	59
	33,837	39,445

15. COMPARATIVE AMOUNTS

The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period (note 10).

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the Independent Auditor's Report from the auditor of the Company, Ernst & Young, on the consolidated financial statements of the Group for the year ended 31 December 2024:

Disclaimer of opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the *Basis for disclaimer of opinion* section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for disclaimer of opinion

Multiple Uncertainties Relating to Going Concern

As set out in note 2.1 to the consolidated financial statements, the Group had net current liabilities of HK\$2,513.0 million as at 31 December 2024 and incurred a net loss of HK\$622.6 million for the year ended 31 December 2024. The Group's total bank and other borrowings amounted to HK\$2,405.8 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 bank balances amounted to HK\$52.3 million as at 31 December 2024. As a result of non-compliance of certain loan covenants by the Group, its total outstanding bank borrowings of HK\$2,066.4 million become immediately repayable if demanded by the creditor banks, of which an instalment of loan principal amounting to HK\$132.0 million has been in default as at 31 December 2024 according to the original loan repayment schedule. In addition, the Company repaid shareholders' loans of HK\$125.6 million during the year ended 31 December 2024 and the Company has yet to obtain any confirmations from the controlling shareholder and substantial shareholders of the Company that they would continue to agree not to demand for repayment of the outstanding shareholders' loans with an aggregate amount of HK\$339.4 million within the next 12 months from the end of the reporting period. These conditions, together with other matters set out in note 2.1 to the consolidated financial statements, 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 plans and measures to improve the Group's liquidity and financial position, which are set out in note 2.1 to the consolidated financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these plans and measures, which are subject to multiple uncertainties, including (i) the continual support from the Group's creditor banks for not taking any actions against the Group to exercise their right to demand immediate repayment of the Group's outstanding borrowings as a result of the non-compliance of loan covenants and the Group's default in instalments of loan principal due; (ii) the continual support from the Group's creditor banks for the restructuring of the Group's outstanding instalments of loan principal in default and instalments of loan to be due in 2025 in the Group's favour; and (iii) the continual support from the Company's controlling shareholder and substantial shareholders for not requesting for repayment of shareholders' loans of HK\$339.4 million in aggregate.

As a result of these multiple uncertainties, their potential interaction, and the possible cumulative effect thereof, we were unable to form an opinion 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 consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Results

For the year ended 31 December 2024, the Group achieved a total reported revenue from continuing operations of approximately HK\$771.5 million, representing an increase of approximately HK\$31.8 million or approximately 4.3% over that of the last corresponding year of approximately HK\$739.7 million.

A. Gaming Services – Continuing Operations

For the year ended 31 December 2024, the Group recorded total gaming revenue from continuing operations of approximately HK\$393.1 million, representing an increase of approximately HK\$57.4 million or approximately 17.1% over that of the last corresponding year of approximately HK\$335.7 million.

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 Legend Palace Casino.

Legend Palace Casino

	Mass Market Tables		
	For the year ended 31 December		
	2024	2023	change
	HK\$'000	HK\$'000	%
Games drop	4,353,453	3,855,292	12.9
Net win	714,797	607,674	17.6
Hold rate	16.42%	15.76%	0.7
Average number of tables	33	33	0.0
Net win per table per day	59	51	15.7
Reported revenue	393,139	335,663	17.1
No. of gaming tables in operation as at year end	33	33	0.0

As at 31 December 2024, the Group had a total of 33 gaming tables in Macau (31 December 2023: 33), of which 33 (31 December 2023: 33) were put into operation.

B. Non-gaming Operations– Continuing Operations

For the year ended 31 December 2024, the Group recorded total non-gaming revenue of approximately HK\$378.3 million, representing a decrease by approximately HK\$25.7 million or approximately 6.4% below that of the last corresponding year of approximately HK\$404.0 million. The decrease was mainly due to the drop in average daily room rate, causing the decrease in revenue from hotel rooms.

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Income from hotel rooms	197,467	218,570
Licensing income from investment properties	44,044	38,866
Income from building management services	26,012	20,070
Food and beverage	103,496	107,385
Sales of merchandise	72	164
Others	7,235	18,938
	<hr/>	<hr/>
Total revenue from non-gaming continuing operations	<u>378,326</u>	<u>403,993</u>

The following table sets out certain key operational data on our major hotel operations of the Group for the years ended 31 December 2024 and 31 December 2023:

	2024		2023	
	Legend Palace Hotel	Harbourview Hotel	Legend Palace Hotel	Harbourview Hotel
Occupancy rate (%)	91.8	92.1	89.7	93.6
ADR (HK\$)	965	815	1,043	867
REVPAR (HK\$)	885	750	935	812

Adjusted EBITDA – Continuing Operations

Adjusted EBITDA on continuing operations for the year ended 31 December 2024 recorded a profit of approximately HK\$159.8 million, while that for the last corresponding year was a profit of approximately HK\$96.8 million. This improvement was mainly attributable to the increase in revenue of approximately HK\$31.8 million, as well as the implementation of a series of cost control measures, which resulted in significant decrease in cost, including but not limited to the drops in cost of inventories and staff cost for non-gaming operations by approximately HK\$19.6 million and approximately HK\$11.9 million respectively. The following table reconciles the Adjusted EBITDA on continuing operations to the profit attributable to owners of the Company:

	For the year ended	
	31 December	
	2024	2023
	HK\$'000	<i>HK\$'000</i>
		(Restated)
Loss for the year from continuing operations	(697,662)	(49,882)
Adjustments for:		
Finance costs	189,792	202,159
Depreciation of investment properties	17,994	17,994
Depreciation of property and equipment	260,075	292,077
Depreciation of right-of-use assets	44,761	45,040
Loss on disposal of property and equipment	13,176	12,034
Impairment losses/(reversal of impairment losses)		
on financial assets, net	22	(138)
Impairment losses on property and equipment	274,473	–
Impairment losses on right-of-use assets	74,308	–
Impairment losses on long term deposit	27,458	–
Unrealized exchange loss/(gain)	2	(4)
Interest income	(193)	(135)
Reversal of write down of inventories to net realizable value	(784)	(390)
Compensation income	(134)	(90)
Income tax credit	(43,440)	(421,096)
Other	–	(788)
	<hr/>	<hr/>
Adjusted EBITDA	<u>159,848</u>	<u>96,781</u>

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

	2024 HK\$'000	2023 HK\$'000 (Restated)
Gaming services	119,236	94,855
Non-gaming operations	49,774	14,429
Sub-total	169,010	109,284
Unallocated corporate expenses ⁽¹⁾	(9,162)	(12,503)
Adjusted EBITDA – Continuing Operations	159,848	96,781

Remark:

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

Despite the increase in adjusted EBITDA generated from continuing operations, the Group's loss for the year ended 31 December 2024 increased significantly to approximately HK\$622.6 million, as compared to the loss of approximately HK\$4.9 million in the last corresponding year. This significant increase was mainly due to the impairment losses of approximately HK\$376.2 million recognised in relation to the non-financial assets held by the Group's investment projects in Macau and Cape Verde in the current year, as well as the write back of a provision for Macau complementary tax of HK\$415.5 million in the last corresponding year.

Dividend

The Board will not declare any final dividend for the year ended 31 December 2024 (2023: nil).

Business Overview and Outlook

Visitation in Macau continued to grow throughout 2024, building on the significant upswing witnessed in 2023. According to the figures from Macau SAR Government Statistics and Census Service, the total number of visitor arrivals in 2024 increased to 34.9 million from 28.2 million in 2023, representing an increase of 23.8%; however, the monthly average occupancy rate of hotel sector only increased by approximately 5.2% from 81.2% in 2023 to 86.4% in 2024 while the total value of retail sales even dropped by 14.9% from HK\$82.1 billion in 2023 to HK\$69.9 billion in 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 2024 increased by approximately HK\$57.4 million as compared to 2023, representing an increase of 17.1% and the Adjusted EBITDA also increased from approximately HK\$94.9 million generated in 2023 to approximately HK\$119.2 million generated in 2024. The improvements were primarily attributable to the full-year normalization of post-pandemic operations and the enhanced efficiency of our matured operation teams.

For the non-gaming operations of the Group in Macau, the total revenue recorded in 2024 decreased by approximately HK\$25.7 million as compared to 2023, representing a decrease of approximately 6.4% while the Adjusted EBITDA increased from approximately HK\$14.4 million generated in 2023 to approximately HK\$49.8 million generated in 2024. The decrease in revenue was 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 fourth quarter of 2024, on a year-on-year basis, dropped by 3.75%. The increase in Adjusted EBITDA was mainly due to the implementation of a series of cost control measures.

Going forward, the Group will continue to execute its strategies to better position itself for seizing opportunities and overcoming challenges. Resources will continue to be allocated to optimize the facilities of the Macau Fisherman's Wharf, enhancing the exclusive experience of the waterfront complex and improving its flexibility to host large-scale events. Moreover, the Group started to observe a drop in interest rates; if this downward trend persists as expected, it will not only benefit the broader recovery of tourism-related industries as a whole, but also enable the Group to allocate 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 31 December 2024, the consolidated net assets attributable to owners of the Company amounted to approximately HK\$3,038.0 million, representing a decrease of approximately HK\$667.2 million from approximately HK\$3,705.2 million as at 31 December 2023. The decrease in consolidated net assets during the year ended 31 December 2024 was mainly due to the Group's loss for the year of approximately HK\$622.6 million.

Cash and bank balances

As at 31 December 2024, cash and bank balances held by the Group amounted to approximately HK\$52.3 million (excluding 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 31 December 2024, the Group had outstanding (i) secured and guaranteed bank borrowings of approximately HK\$2,066.4 million, and (ii) unsecured, unguaranteed 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 31 December 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\$428.8 million (31 December 2023: approximately HK\$446.8 million), buildings with a total carrying amount of approximately HK\$3,209.9 million (31 December 2023: approximately HK\$3,555.2 million), right-of-use assets with a total carrying amount of approximately HK\$960.4 million (31 December 2023: approximately HK\$1,067.9 million), trade receivables of approximately HK\$47.9 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\$1.7 million (31 December 2023: HK\$1.6 million).

Gearing

The Group's net gearing ratio is expressed as a percentage of total borrowings (e.g. bank and other borrowings) minus cash (e.g. pledged bank deposits and cash and bank balances) over total equity. As at 31 December 2024, the Group's net gearing ratio was 77.4% (31 December 2023: 67.6%).

Purchase, Sale or Redemption of Listed Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares (including the sale of treasury shares) during the year ended 31 December 2024.

As at 31 December 2024, there were no treasury shares held by the Company.

Employees and Remuneration Policies

As at 31 December 2024, the Group had a total of 1,149 (2023: 2,273) employees, including 327 (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 significant decrease in employees was mainly attributable to the disposal of operation in Lao PDR during the year. We had a total of 1,055 employees in Lao PDR as at 31 December 2023.

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.

EVENT AFTER THE REPORTING PERIOD

There was no significant event after the end of the reporting period and up to the date of this announcement that either require adjustment of the financial statement or are material to the understanding of the Group's current position.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Company believes that good corporate governance practices are very important for maintaining and promoting investor confidence and for the sustainable growth of the Group. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business. The Board is committed to strengthening the Group's corporate governance practices and ensuring transparency and accountability of the Company's operations. Throughout the year ended 31 December 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 separate 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.

REVIEW OF ANNUAL RESULTS

The Group's consolidated financial statements for the year ended 31 December 2024 have been reviewed by the Audit Committee of the Company, which currently comprises three independent non-executive Directors, namely Mr Lau Ngai Kee, Ricky, Mr Wang Hongxin and Mr Mak Ka Wing, Patrick and one non-executive Director, namely Ms Ho Chiulin, Laurinda.

SCOPE OF WORK OF MESSRS ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Company's auditor, Messrs. Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Messrs. Ernst & Young in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Ernst & Young on the preliminary announcement.

DEFINITIONS

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

“Adjusted EBITDA”	the Group’s adjusted earnings before interest income, finance costs, income taxes, depreciation, amortization and certain items
“ADR”	average daily room rate
“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
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKASs”	Hong Kong Accounting Standards
“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
“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
“Mr Li Chu Kwan”	Mr Li Chu Kwan, the chairman of the Board, an executive Director and the chief executive officer of the Company
“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, 28 March 2025

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.