



澳門勵駿創建有限公司\*

Macau Legend Development Limited

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 1680

## 2017 Interim Report

*\* for identification purposes only*





## Contents

- 2 Corporate Information
- 4 Corporate Profile
- 5 Management Discussion and Analysis
- 16 Corporate Governance and Other Information
- 22 Report on Review of Condensed Consolidated Financial Statements
- 23 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 24 Condensed Consolidated Statement of Financial Position
- 25 Condensed Consolidated Statement of Changes in Equity
- 26 Condensed Consolidated Statement of Cash Flows
- 27 Notes to the Condensed Consolidated Financial Statements
- 43 Definitions

# Corporate Information

## PLACE OF INCORPORATION

Cayman Islands

## BOARD OF DIRECTORS

### Executive Directors

Mr Chow Kam Fai, David  
*(Co-chairman and chief executive officer)*  
Madam Lam Fong Ngo *(Vice chairman)*  
Mr Sheldon Trainor-DeGirolamo  
Mr Chow Wan Hok, Donald

### Non-executive Directors

Mr Tong Ka Wing, Carl *(Co-chairman)*  
Ms Ho Chiulin, Laurinda

### Independent Non-executive Directors

Mr Fong Chung, Mark  
Mr Xie Min  
Madam Tam Wai Chu, Maria

## AUDIT COMMITTEE

Mr Fong Chung, Mark *(Chairman)*  
Mr Tong Ka Wing, Carl  
Ms Ho Chiulin, Laurinda  
Mr Xie Min  
Madam Tam Wai Chu, Maria

## REMUNERATION COMMITTEE

Mr Xie Min *(Chairman)*  
Mr Chow Kam Fai, David  
Madam Lam Fong Ngo  
Mr Fong Chung, Mark  
Madam Tam Wai Chu, Maria

## NOMINATION COMMITTEE

Madam Tam Wai Chu, Maria *(Chairman)*  
Mr Chow Kam Fai, David  
Mr Sheldon Trainor-DeGirolamo  
Mr Fong Chung, Mark  
Mr Xie Min

## AUTHORISED REPRESENTATIVES

Mr Sheldon Trainor-DeGirolamo  
Mr Tong Ka Wing, Carl

## COMPANY SECRETARY

Mr Wong Man Cheung

## REGISTERED OFFICE

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MACAU

Palace Building, Macau Fisherman's Wharf  
Avenida da Amizade e Avenida da  
Dr. Sun Yat Sen, Macau

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Shop 102, 1/F, Shun Tak Centre  
168–200 Connaught Road Central  
Hong Kong

## Corporate Information (Continued)

### CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716  
17/F, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### HONG KONG LEGAL ADVISERS

Michael Li & Co., Solicitors

### INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu  
*Certified Public Accountants*

### PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Macau) Limited  
Banco Nacional Ultramarino, S.A.  
Luso International Banking Limited  
The Bank of East Asia, Limited — Macau Branch  
Wing Lung Bank, Limited — Macau Branch  
Bank of Communications Co., Ltd. — Hong Kong Branch

### LISTING INFORMATION

#### Place of Listing

Main Board of The Stock Exchange of Hong Kong Limited

#### Stock Code

1680

#### Board Lot

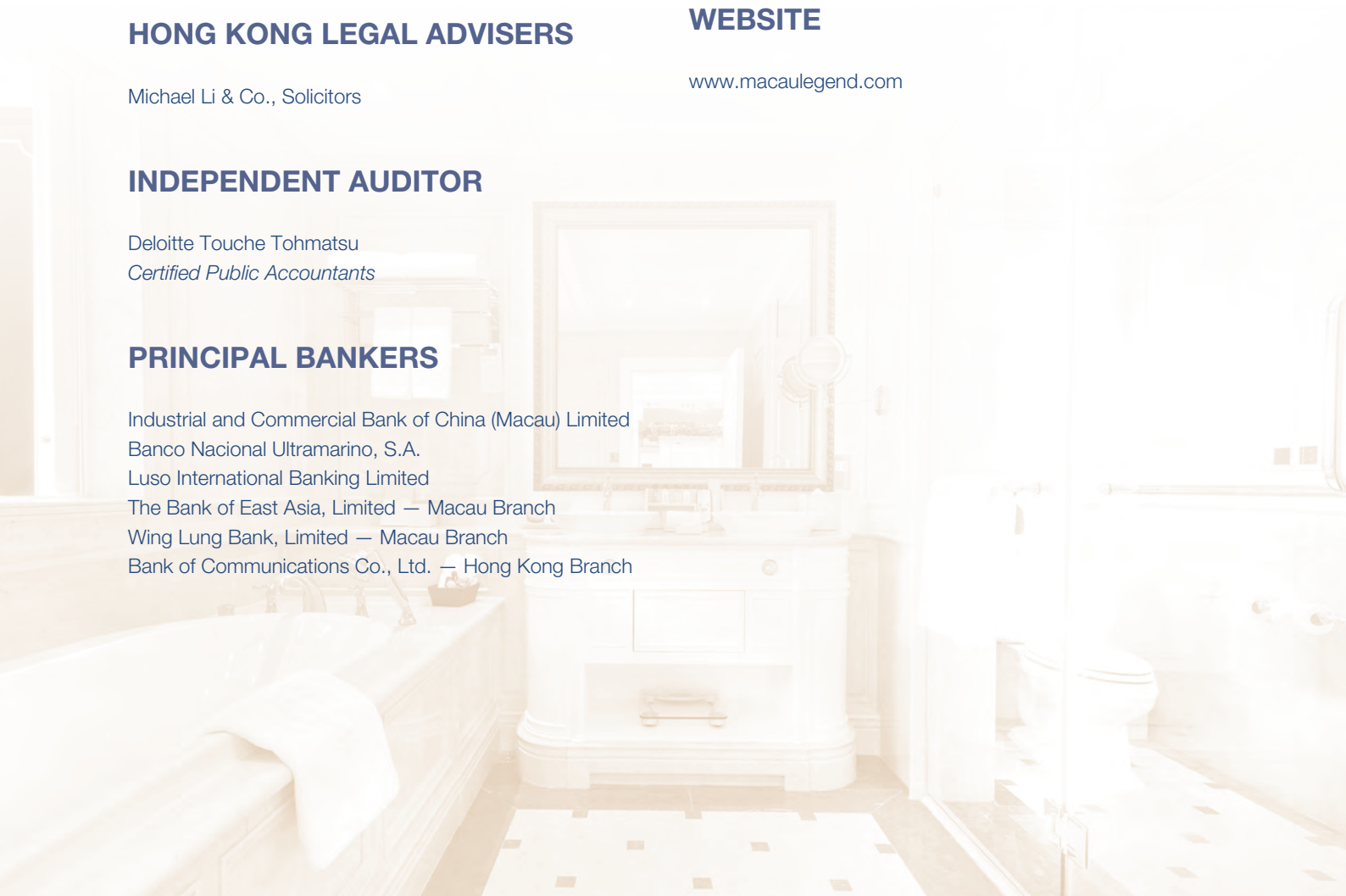
1,000 shares

### INVESTOR RELATIONS

Tel: (853) 2822 2211  
Fax: (853) 2822 2266  
Email: [ir@macaulegend.com](mailto:ir@macaulegend.com)

### WEBSITE

[www.macaulegend.com](http://www.macaulegend.com)



## Corporate Profile

The Company was incorporated under the laws of the Cayman Islands on 5 October 2006. The Company acts as an investment holding company. The Group is one of the leading owners of entertainment and casino gaming facilities in Macau. The Group currently has two major properties, The Landmark Macau and MFW. The Landmark Macau is an award-winning integrated hotel, casino and luxury shopping complex, featuring a five-star hotel and Macau's first themed casino. MFW is a waterfront integrated gaming, hotel, convention and entertainment complex located on the outer harbour of the Macau Peninsula which follows the "Leisure, Tourism, Economic and Multi-Cultural Diversification" policy of the government of the Macau Special Administrative Region of the PRC.

The Group's businesses include (i) the provision of gaming services to SJM in three major casinos in its properties, namely Pharaoh's Palace Casino in The Landmark Macau, Babylon Casino and the Legend Palace Casino in MFW under the Service Agreement; (ii) the operation of casino inside Savan Resorts Hotel and Entertainment Complex in Lao PDR and (iii) the operation of hotels, entertainment and leisure facilities within its properties.

On 13 May 2016, the Company entered into the project development agreement with the Government of the Lao PDR in respect of the acquisition of the Savan Legend at the consideration of US\$42.0 million (equivalent to approximately HK\$325.9 million). The project development agreement shall have an initial term of 50 years. The Group obtained the approval from the shareholders of the Company at an extraordinary general meeting of the Company held on 18 August 2016. On 1 September 2016, the Company has taken over the management and operation of Savan Legend.

On 5 July 2017, the Group entered into a non-legally binding letter of intent with an independent third party (the "Purchaser"), pursuant to which the Group intends to sell and the Purchaser intends to acquire the entire issued share capital and all the shareholder's loan(s) owed by New Macau Landmark, an indirect wholly-owned subsidiary of the Company, the legal and beneficial owner of the piece and parcel of land and of and in the messuages erections and building thereon known as "The Landmark Macau" at a consideration to be agreed between the parties. The Group received refundable deposits of HK\$460 million in aggregate in July and August 2017. Further details of the above possible disposal are set out in the Company's announcement dated 5 July 2017.

# Management Discussion and Analysis

## OVERVIEW OF INTERIM RESULTS

For the six months ended 30 June 2017, the Group achieved a total reported revenue of approximately HK\$855.9 million, representing an increase of approximately HK\$189.9 million or approximately 28.5% over that of the last corresponding period of approximately HK\$666.0 million. Breakdown of the Group's reported revenue for the six months ended 30 June 2017 and 2016 is as follows:

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Gaming services:		
– Pharaoh's Palace Casino		
– Mass market tables	214,303	265,408
– VIP tables*	38,473	62,453
– Slot machines	4,224	4,200
	257,000	332,061
– Babylon Casino		
– Mass market tables	44,843	60,827
– VIP tables*	13,033	26,254
– Slot machines	458	305
	58,334	87,386
– Legend Palace Casino		
– Mass market tables	114,337	–
– VIP tables*	20,596	–
– Slot machines	2,615	–
	137,548	–
– Savan Legend Casino		
– Mass market tables	53,116	–
– VIP tables	8,537	–
– Slot machines	48,644	–
	110,297	–
<b>Sub-total for gaming services</b>	<b>563,179</b>	<b>419,447</b>
Non-gaming operations:		
– The Landmark Macau	99,966	97,590
– Legend Palace Hotel	37,803	–
– MFW (excluding Legend Palace Hotel)	145,674	148,985
– Savan Legend Resorts	9,280	–
<b>Sub-total for non-gaming operations</b>	<b>292,723</b>	<b>246,575</b>
<b>Total reported revenue</b>	<b>855,902</b>	<b>666,022</b>

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

## Management Discussion and Analysis (Continued)

For the six months ended 30 June 2017, gaming revenue and non-gaming revenue of the Group increased by approximately 34.3% to approximately HK\$563.2 million and approximately 18.7% to approximately HK\$292.7 million, respectively, when compared to the last corresponding period. The increase in gaming revenue was primarily due to (i) increase in the reported revenue contributed from Savan Legend Casino of approximately HK\$110.3 million and (ii) increase in reported revenue contributed by Legend Palace Casino of approximately HK\$137.5 million from the date of grand opening to 30 June 2017, which was offset by (iii) the decrease in reported revenue from mass market tables of approximately HK\$67.1 million in Pharaoh's Palace Casino and Babylon Casino.

The increase in non-gaming revenue was primarily due to the increase in revenue from (i) the grand opening of Legend Palace Hotel on 27 February 2017 of approximately HK\$37.8 million; and (ii) contribution of revenue from Savan Legend Resorts of approximately HK\$9.3 million.

Adjusted EBITDA for the six months ended 30 June 2017 was approximately HK\$100.5 million, representing an increase of approximately HK\$53.8 million or approximately 115.4% over that of the last corresponding period of approximately HK\$46.6 million. The following table reconciles the Adjusted EBITDA to the profit (loss) attributable to owners of the Company:

	Six months ended 30 June					
	2017			2016		
	The Group excluding Savan Legend HK\$'000	Savan Legend HK\$'000	Consolidated HK\$'000	The Group excluding Savan Legend HK\$'000	Savan Legend HK\$'000	Consolidated HK\$'000
(Loss) profit attributable to owners of the Company	(233,938)	5,386	(228,552)	(175,289)	—	(175,289)
Adjustments for:						
Finance costs	42,158	—	42,158	22,643	—	22,643
Depreciation of investment properties	5,936	—	5,936	5,936	—	5,936
Depreciation of property and equipment	141,659	9,780	151,439	126,558	—	126,558
Release of prepaid lease payments	27,022	197	27,219	27,021	—	27,021
Amortisation of other intangible assets	17,419	—	17,419	16,584	—	16,584
Loss on disposal of property and equipment	13	—	13	43	—	43
Exchange loss (gain) arising from non-operating activities	391	(27)	364	(213)	—	(213)
Pre-opening expenses (remark)	48,045	—	48,045	42,694	—	42,694
Interest income	(63)	—	(63)	(16,847)	—	(16,847)
Tax (credit) charge	(2,428)	38,902	36,474	(2,490)	—	(2,490)
<b>Adjusted EBITDA</b>	<b>46,214</b>	<b>54,238</b>	<b>100,452</b>	46,640	—	46,640

Remark: Pre-opening expenses represent mainly staff related costs, marketing and other administrative expenses incurred prior to the opening of new or expanded operations of the Group for the relevant periods.



## Management Discussion and Analysis (Continued)

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

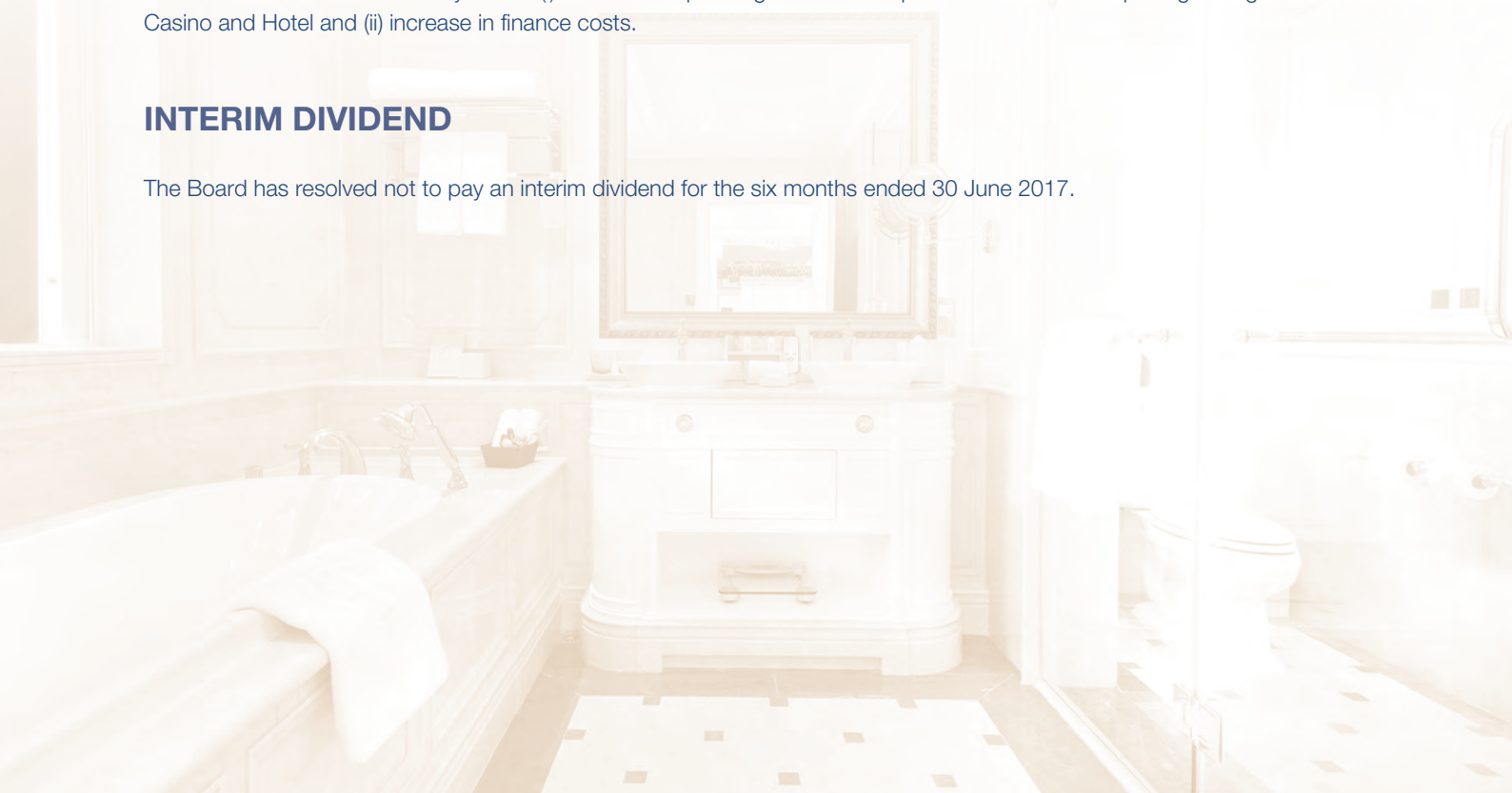
	Six months ended 30 June					
	2017			2016		
	The Group excluding Savan Legend		Consolidated	The Group excluding Savan Legend		Consolidated
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Gaming services	115,630	88,338	203,968	101,514	—	101,514
Non-gaming operations	(38,802)	(34,100)	(72,902)	(25,735)	—	(25,735)
Sub-total	76,828	54,238	131,066	75,779	—	75,779
Eliminated unallocate corporate expenses	(30,614)	—	(30,614)	(29,139)	—	(29,139)
<b>Adjusted EBITDA</b>	<b>46,214</b>	<b>54,238</b>	<b>100,452</b>	46,640	—	46,640

Adjusted EBITDA from the Group excluding the Savan Legend and eliminated unallocate corporate expenses, mainly arising from the operations at The Landmark Macau and MFW Group, for the six months ended 30 June 2017 increased by approximately 1.4% to approximately HK\$76.8 million when compared to the last corresponding period. During the six months ended 30 June 2017, the newly opened Legend Palace Casino and Hotel and Savan Legend contributed Adjusted EBITDA of approximately HK\$40.8 million and approximately HK\$54.2 million, respectively.

The Group's loss for the six months ended 30 June 2017 was approximately HK\$228.6 million, representing an increase of approximately HK\$53.3 million when compared to the last corresponding period. The increase in loss for the six months ended 30 June 2017 was mainly due to (i) increase in operating costs and depreciation due to the opening of Legend Palace Casino and Hotel and (ii) increase in finance costs.

### INTERIM DIVIDEND

The Board has resolved not to pay an interim dividend for the six months ended 30 June 2017.



## Management Discussion and Analysis (Continued)

### FINANCIAL AND OPERATIONAL REVIEWS

#### A. Gaming Services

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

As at 30 June 2017 and 2016, the Group had the following number of gaming tables and slot machines in its four casinos which were put into operation:

	At 30 June 2017					At 30 June 2016					
	Pharaoh's Palace Casino		Legend Palace Casino		Savan Legend Casino	Pharaoh's Palace Casino		Legend Palace Casino		Savan Legend Casino	Total
Mass market tables	60	28	48	49	185	60	34	—	—	—	94
VIP tables	17	7	11	23	58	24	17	—	—	—	41
Total gaming tables	77	35	59	72	243	84	51	—	—	—	135
Slot machines	141	62	80	446	729	128	118	—	—	—	246

As at 30 June 2017, the Group had a total of 194 gaming tables in Macau (30 June 2016: 179), of which 171 (30 June 2016: 135) were put into operation. The Group had 72 gaming tables which were put into operation in the Lao PDR.

The following tables set out certain key operational data of mass market tables, VIP tables and slot machines for the six months ended 30 June 2017 and 2016:

#### Mass Market Tables

	Pharaoh's Palace Casino For the six months ended 30 June			Babylon Casino For the six months ended 30 June		
	2017 HK\$'000	2016 HK\$'000	Change	2017 HK\$'000	2016 HK\$'000	Change
Games drop	1,995,436	2,165,068	(7.8%)	545,644	688,464	(20.7%)
Net win	389,642	482,561	(19.3%)	81,533	110,594	(26.3%)
Hold rate	19.53%	22.29%	(2.8%)	14.94%	16.06%	(1.1%)
Average number of tables	60	60	—	29	32	(9.4%)
Net win per table per day	36	44	(18.2%)	16	19	(15.8%)

## Management Discussion and Analysis (Continued)

	Legend Palace Casino			Savan Legend Casino		
	For the six months ended 30 June			For the six months ended 30 June		
	2017 HK\$'000	2016 HK\$'000	Change	2017 HK\$'000	2016 HK\$'000	Change
Games drop	<b>1,243,821</b>	—	N/A	<b>228,637</b>	—	N/A
Net win	<b>207,885</b>	—	N/A	<b>53,068</b>	—	N/A
Hold rate	<b>16.71%</b>	—	N/A	<b>23.21%</b>	—	N/A
Average number of tables	<b>46</b>	—	N/A	<b>47</b>	—	N/A
Net win per table per day	<b>37</b>	—	N/A	<b>6</b>	—	N/A

For the six months ended 30 June 2017, net win per table per day of mass market tables at Pharaoh's Palace Casino and Babylon Casino decreased by approximately 18.2% to approximately HK\$36,000 and approximately 15.8% to approximately HK\$16,000 over that of the last corresponding period of approximately HK\$44,000 and HK\$19,000 respectively. The net win per table per day of mass market tables at Legend Palace Casino from the date of grand opening to 30 June 2017 and Savan Legend Casino for the six months ended 30 June 2017 of approximately HK\$37,000 and HK\$6,000 respectively.

### VIP Tables

	Pharaoh's Palace Casino			Babylon Casino		
	For the six months ended 30 June			For the six months ended 30 June		
	2017 HK\$'000	2016 HK\$'000	Change	2017 HK\$'000	2016 HK\$'000	Change
Games turnover	<b>8,218,535</b>	15,326,879	(46.4%)	<b>459,098</b>	646,652	(29.0%)
Net win	<b>298,967</b>	384,214	(22.2%)	<b>23,704</b>	43,409	(45.4%)
Win percentage	<b>3.64%</b>	2.51%	1.1%	<b>5.16%</b>	6.71%	(1.6%)
Average number of tables	<b>20</b>	24	(16.7%)	<b>12</b>	15	(20.0%)
Net win per table per day	<b>83</b>	88	(5.7%)	<b>11</b>	16	(31.3%)

	Legend Palace Casino			Savan Legend Casino		
	For the six months ended 30 June			For the six months ended 30 June		
	2017 HK\$'000	2016 HK\$'000	Change	2017 HK\$'000	2016 HK\$'000	Change
Games turnover	<b>1,787,717</b>	—	N/A	<b>2,054,286</b>	—	N/A
Net win	<b>32,857</b>	—	N/A	<b>43,620</b>	—	N/A
Win percentage	<b>1.84%</b>	—	N/A	<b>2.12%</b>	—	N/A
Average number of tables	<b>12</b>	—	N/A	<b>30</b>	—	N/A
Net win per table per day	<b>22</b>	—	N/A	<b>8</b>	—	N/A

## Management Discussion and Analysis (Continued)

For the six months ended 30 June 2017, net win per table per day of VIP tables at Pharaoh's Palace Casino decreased by approximately 5.7% to approximately HK\$83,000 over that of the six months ended 30 June 2016 of approximately HK\$88,000. Net win per table per day of VIP tables at Babylon Casino decreased by approximately 31.3% to approximately HK\$11,000 over that of the last corresponding period of approximately HK\$16,000. The net win per table per day of VIP tables at Legend Palace Casino from the date of grand opening to 30 June 2017 and Savan Legend Casino for the six months ended 30 June 2017 of approximately HK\$22,000 and HK\$8,000 respectively.

### Slot Machines

	Pharaoh's Palace Casino			Babylon Casino		
	For the six months ended 30 June			For the six months ended 30 June		
	2017 HK\$'000	2016 HK\$'000	Change	2017 HK\$'000	2016 HK\$'000	Change
Slot handle	<b>196,330</b>	407,103	(51.8%)	<b>18,254</b>	19,559	(6.7%)
Net win	<b>12,887</b>	11,616	10.9%	<b>1,178</b>	743	58.5%
Hold rate	<b>6.56%</b>	2.85%	3.7%	<b>6.45%</b>	3.80%	2.7%
Average number of slot machines	<b>142</b>	128	10.9%	<b>65</b>	74	(12.2%)
Net win per slot machine per day	<b>0.5</b>	0.5	—	<b>0.1</b>	0.1	—

	Legend Palace Casino			Savan Legend Casino		
	For the six months ended 30 June			For the six months ended 30 June		
	2017 HK\$'000	2016 HK\$'000	Change	2017 HK\$'000	2016 HK\$'000	Change
Slot handle	<b>98,561</b>	—	N/A	<b>1,321,418</b>	—	N/A
Net win	<b>6,757</b>	—	N/A	<b>50,040</b>	—	N/A
Hold rate	<b>6.86%</b>	—	N/A	<b>3.79%</b>	—	N/A
Average number of slot machines	<b>72</b>	—	N/A	<b>463</b>	—	N/A
Net win per slot machine per day	<b>0.8</b>	—	N/A	<b>0.6</b>	—	N/A

There was no changes in Group's net win per slot machine per day at Pharaoh's Palace Casino and Babylon Casino for the six months ended 30 June 2017 over that of the last corresponding period.

## Management Discussion and Analysis (Continued)

### B. Non-gaming Operations

For the six months ended 30 June 2017, the Group recorded a total non-gaming revenue of approximately HK\$292.7 million, increased by approximately HK\$46.1 million or approximately 18.7% over that of the last corresponding period of approximately HK\$246.6 million.

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

	Six months ended 30 June					
	2017			2016		
	The Group excluding Savan Legend Resorts HK\$'000	Savan Legend Resorts HK\$'000	Consolidated HK\$'000	The Group excluding Savan Legend Resorts HK\$'000	Savan Legend Resorts HK\$'000	Consolidated HK\$'000
Rental income from hotel rooms	121,830	1,168	122,998	89,167	—	89,167
Licensing income from investment properties	51,855	96	51,951	62,166	—	62,166
Income from building management services	31,651	—	31,651	28,445	—	28,445
Food and beverage	69,462	7,280	76,742	56,323	—	56,323
Sales of merchandise	7,182	—	7,182	7,514	—	7,514
Others	1,463	736	2,199	2,960	—	2,960
<b>Total revenue from non-gaming operations</b>	<b>283,443</b>	<b>9,280</b>	<b>292,723</b>	246,575	—	246,575

The increase in non-gaming revenue was primarily due to the revenue contributed by (i) Legend Palace Hotel of approximately HK\$37.8 million from the date of grand opening to 30 June 2017; (ii) Savan Legend Resorts of approximately HK\$9.3 million for the six months ended 30 June 2017. Out of the total non-gaming revenue, revenue from (i) The Landmark Macau accounted for approximately HK\$100.0 million or approximately 34.2% of the total non-gaming revenue (six months ended 30 June 2016: approximately HK\$97.6 million or approximately 39.6%); (ii) Harbourview Hotel accounted for approximately HK\$69.9 million or approximately 23.9% of the total non-gaming revenue (six months ended 30 June 2016: approximately HK\$62.9 million or approximately 25.5%); and (iii) Savan Legend Resorts accounted for approximately HK\$9.3 million or approximately 3.2% of total non-gaming revenue (six months ended 30 June 2016: Nil).

## Management Discussion and Analysis (Continued)

The following table sets out certain key operational data on our major hotel operations of the Group for the six months ended 30 June 2017 and 2016:

	Six months ended 30 June		
	2017	2016	Change %
<b>The Landmark Macau</b>			
Occupancy rate (%)	<b>79.7</b>	68.1	11.6
ADR (HK\$)	<b>979.3</b>	1,040.2	(5.9)
REVPAR (HK\$)	<b>780.5</b>	708.4	10.2
<b>Rocks Hotel</b>			
Occupancy rate (%)	<b>83.1</b>	70.6	12.5
ADR (HK\$)	<b>930.9</b>	1,019.3	(8.7)
REVPAR (HK\$)	<b>773.6</b>	719.6	7.5
<b>Harbourview Hotel</b>			
Occupancy rate (%)	<b>82.7</b>	69.7	13.0
ADR (HK\$)	<b>829.7</b>	809.4	2.5
REVPAR (HK\$)	<b>686.2</b>	564.2	21.6
<b>Legend Palace Hotel<sup>#</sup></b>			
Occupancy rate (%)	<b>77.5</b>	—	N/A
ADR (HK\$)	<b>1,418.4</b>	—	N/A
REVPAR (HK\$)	<b>1,099.3</b>	—	N/A

<sup>#</sup> Grand opening on 27 February 2017

### C. Corporate and Business Updates

#### (a) MFW Redevelopment

##### Legend Palace Hotel

Legend Palace Hotel, the second new hotel under the MFW Redevelopment opened on 27 February 2017. It is a five-star deluxe-themed hotel in the style of Central/Northern Asian medieval architecture with 223 opulent guest rooms including suites. The hotel will include a new in-house casino.

##### Legendale Hotel

Legendale Hotel, the third new hotel under the MFW Redevelopment, will be a flagship five-star deluxe rating hotel modelled after the Neo-Renaissance style of architecture from the mid-17th century Central European period with a planned 500 guest rooms including suites and a new in-house casino. Re-design of the construction of the hotel is now in progress in order to meet the height requirements of the relevant government authority in Macau.

## Management Discussion and Analysis (Continued)

### Other redevelopment

Yacht club and public pier for harbour cruises project include further development of the marina to increase the size of its mooring area and inclusion of a yacht club with immigration facilities. Phase 1 of the project had been completed in November 2014 while phase 2 is still in progress. Further pontoons and wave attenuator wall in design stage incorporating comments from the Macau government. Approval of immigration facilities has been obtained from the Macau government with effect from 1 April 2016.

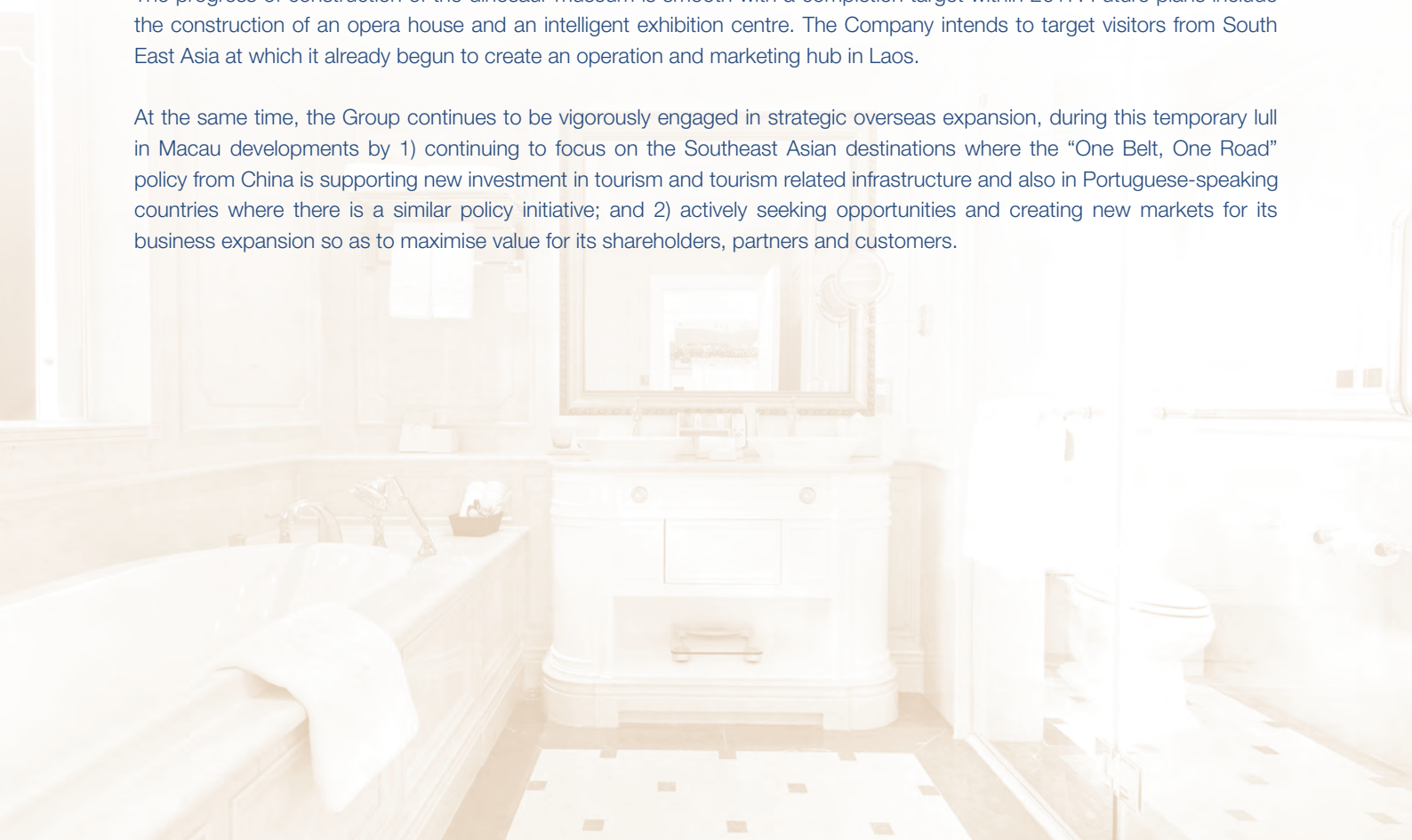
### (b) Proposed disposal of The Landmark Macau

Subsequent to the end of the reporting period, the Group entered into a non-legally binding letter of intent with an independent third party (the “Purchaser”), pursuant to which the Group intends to sell and the Purchaser intends to acquire the entire issued share capital and all the shareholder’s loan(s) owed by New Macau Landmark, an indirect wholly-owned subsidiary of the Company, the legal and beneficial owner of the piece and parcel of land and of and in the messuages erections and building thereon known as “The Landmark Macau” at a consideration to be agreed between the parties. The Group received refundable deposits of HK\$460 million in aggregate in July and August 2017.

## OUTLOOK

On 27 February 2017, the Company held a ceremony that celebrated the opening of Legend Palace, the second new hotel at the MFW Redevelopment. The Company actively supports the efforts of the Macau government to build a world tourism and leisure center and to promote diversified tourism in Macau. Efforts are being made to upgrade state of the art lighting and visual effects to the newly completed canopy for an enhanced open-air shopping, dining and entertainment experience. The progress of construction of the dinosaur museum is smooth with a completion target within 2017. Future plans include the construction of an opera house and an intelligent exhibition centre. The Company intends to target visitors from South East Asia at which it already begun to create an operation and marketing hub in Laos.

At the same time, the Group continues to be vigorously engaged in strategic overseas expansion, during this temporary lull in Macau developments by 1) continuing to focus on the Southeast Asian destinations where the “One Belt, One Road” policy from China is supporting new investment in tourism and tourism related infrastructure and also in Portuguese-speaking countries where there is a similar policy initiative; and 2) actively seeking opportunities and creating new markets for its business expansion so as to maximise value for its shareholders, partners and customers.



## Management Discussion and Analysis (Continued)

### 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 2017, the consolidated net assets attributable to owners of the Company amounted to approximately HK\$6,493.8 million, representing a decrease of approximately HK\$198.7 million from approximately HK\$6,692.4 million as at 31 December 2016. The decrease in consolidated net assets during the six months ended 30 June 2017 was mainly due to the Group's loss for the period of approximately HK\$228.6 million.

#### Bank balances and cash

As at 30 June 2017, bank balances and cash held by the Group amounted to approximately HK\$131.1 million (including pledged bank deposits of approximately HK\$6.5 million), which was denominated mainly in HK\$ and MOP. Given MOP are pegged to HK\$, the Group considers the exposure to exchange rate risk is nominal for its bank balances and cash denominated in MOP.

As at 30 June 2017, the Group has reclassified its chips on hands from bank balances and cash to receivables instead, bringing a significant drop in bank balances and cash.

#### Borrowings

As at 30 June 2017, the Group had outstanding (i) secured bank borrowings of approximately HK\$3,002.8 million, (ii) unsecured and unguaranteed, interest-free other borrowings of approximately HK\$57.5 million and (iii) unsecured and unguaranteed, interest-bearing loans from a shareholder, Mr David Chow, of approximately HK\$682.2 million.

### CHARGE ON THE GROUP'S ASSETS

As at 30 June 2017, 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\$436.3 million (31 December 2016: approximately HK\$358.3 million), buildings with a total carrying amount of approximately HK\$2,368.9 million (31 December 2016: approximately HK\$2,320.9 million), prepaid lease payments with a total carrying amount of approximately HK\$1,737.6 million (31 December 2016: approximately HK\$1,764.6 million), trade receivables of approximately HK\$162.4 million (31 December 2016: approximately HK\$118.0 million) and bank deposits of approximately HK\$6.5 million (31 December 2016: approximately HK\$21.1 million).

### GEARING

The Group's gearing ratio (expressed as a percentage of total borrowings over total equity as at the end of the reporting period) was approximately 57.6% as at 30 June 2017 (31 December 2016: approximately 51.6%).



## Management Discussion and Analysis (Continued)

### HEDGING, ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

Save as disclosed in this report, during the six months ended 30 June 2017, the Group did not (i) employ any financial instruments for hedging purposes; (ii) undertake any material acquisitions or disposals of assets, business or subsidiaries; or (iii) make any significant investments.

### PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the six months ended 30 June 2017.

### CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 30 June 2017 are set out in note 20 to the condensed consolidated financial statements of the Group for the six months ended 30 June 2017.

### CAPITAL COMMITMENTS

Details of capital commitments of the Group as at 30 June 2017 are set out in note 19 to the condensed consolidated financial statements of the Group for the six months ended 30 June 2017.

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group had a total of approximately 4,870 employees, including approximately 1,270 gaming operation employees who were employed and paid by SJM but over whom the Group exercised oversight in accordance with the Service Agreement. The Group reimbursed SJM in full for the salaries and other benefits of these gaming operation employees.

The Group recognises the importance of maintaining a stable staff force for its continued success. Staff remuneration is determined by reference to personal qualifications, work performance, industry experience, responsibilities and relevant market trends. Discretionary bonuses are granted to employees based on merit and in accordance with industry practice. Other benefits including share options, reward shares, retirement benefits, subsidised medical care, pension funds and sponsorship for external education and training programmes are offered to eligible employees.

## Corporate Governance and Other Information

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2017, the interests and short position of the Directors and chief executives of the Company in the Shares and underlying Shares, as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### (1) Long Position in Shares of the Company

Name of Directors	Capacity	Number of Shares	*Approximate percentage of total issued Shares
Mr David Chow	Beneficial owner	1,541,838,046	24.60%
	Controlled corporation	401,653,780 <sup>(1)</sup>	6.41%
	Interest of spouse	129,690,066 <sup>(2)</sup>	2.07%
		2,073,181,892	33.08%
Madam Lam	Controlled corporation	112,704,500 <sup>(3)</sup>	1.80%
Mr Sheldon Trainor-DeGirolamo	Beneficial owner	15,887,159	0.25%
	Controlled corporation	70,631,345 <sup>(4)</sup>	1.13%
		86,518,504	1.38%
Mr Donald Chow	Beneficial owner	600,000	0.01%
Mr Tong Ka Wing, Carl	Beneficial owner	8,120,579	0.13%
Ms Ho Chiulin, Laurinda	Beneficiary of a trust	934,269,609 <sup>(5)</sup>	14.91%

Notes:

- These Shares were held by All Landmark.
- Mr David Chow was deemed to be interested in 129,690,066 Shares through the interest of his spouse, Ms Melinda Chan.
- These Shares were held by Grand Bright.
- These Shares were held by PacBridge Capital Partners (HK) Limited, a controlled corporation of Mr Sheldon Trainor-DeGirolamo.
- These Shares were held directly by UBS Nominees Limited, which is a nominee holding the Shares for Earth Group Ventures Ltd., a company wholly owned by UBS TC (Jersey) Ltd. as trustee of the Earth Settlement. Earth Settlement is a discretionary trust set up by Ms Chan Un Chan as founder for her assets planning purposes. Ms Laurinda Ho is a daughter of Ms Chan Un Chan, a substantial shareholder of the Company.

\* The percentage represents the number of Shares interested divided by the number of the issued Shares as at 30 June 2017.

## Corporate Governance and Other Information (Continued)

### (2) Short Position in Shares of the Company

Name of Director	Capacity	Number of Shares	*Approximate percentage of total issued Shares
Mr David Chow	Beneficial owner	1,458,631,654	23.27%
	Controlled corporation	319,696,000 <sup>(Note)</sup>	5.10%
		1,778,327,654	28.37%

Note: The short position in the Shares was held by All Landmark.

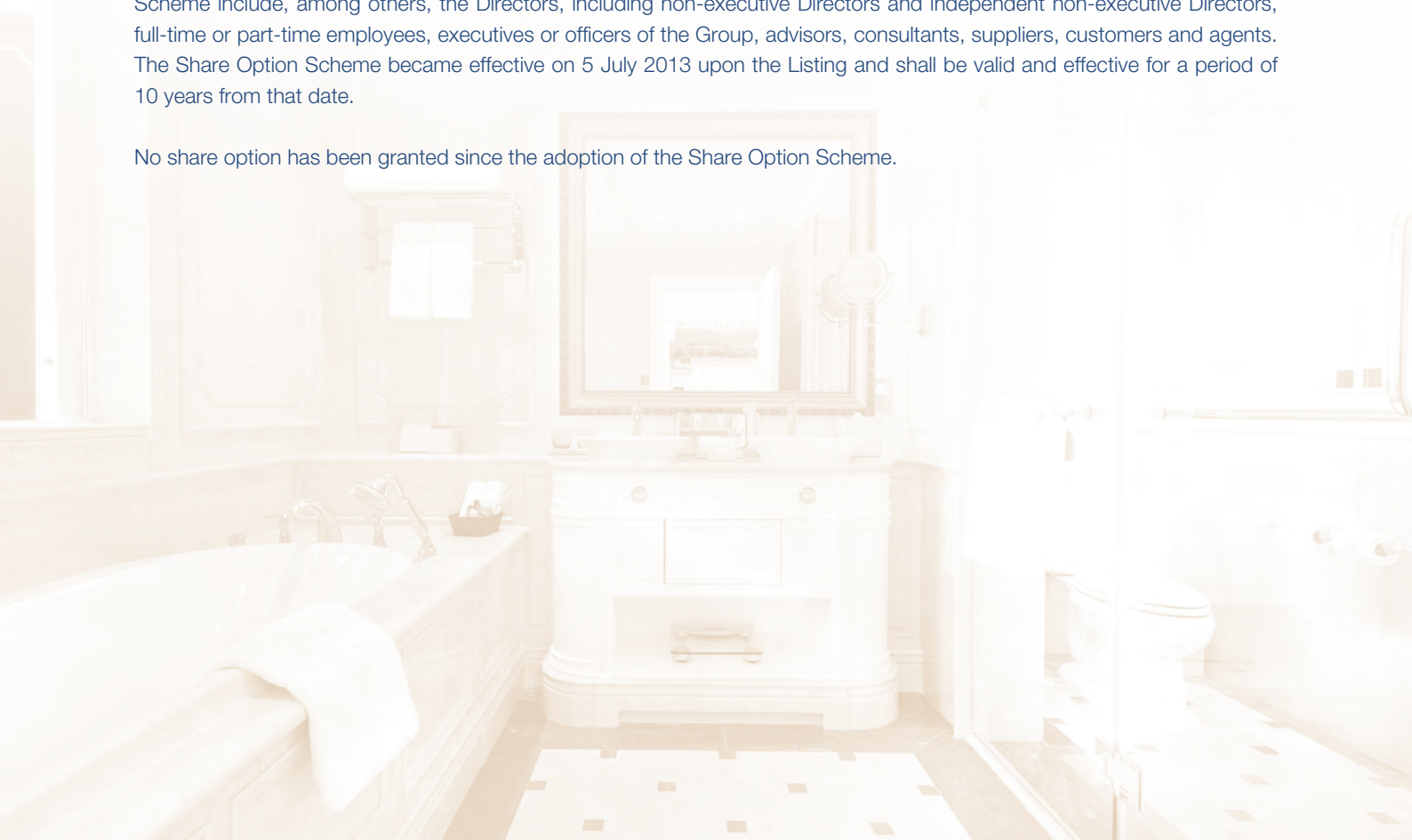
\* The percentage represents the number of Shares involved in the short position divided by the number of the issued Shares as at 30 June 2017.

Save as disclosed above, none of the Directors or chief executive of the Company, as at 30 June 2017, had registered an interest or a short position in the Shares, underlying Shares or debentures of the Company (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### SHARE OPTION SCHEME

On 5 June 2013, the Company adopted the Share Option Scheme for the purpose of providing incentives or rewards to eligible participants for their contribution or potential contribution to the Group. Eligible participants of the Share Option Scheme include, among others, the Directors, including non-executive Directors and independent non-executive Directors, full-time or part-time employees, executives or officers of the Group, advisors, consultants, suppliers, customers and agents. The Share Option Scheme became effective on 5 July 2013 upon the Listing and shall be valid and effective for a period of 10 years from that date.

No share option has been granted since the adoption of the Share Option Scheme.



## Corporate Governance and Other Information (Continued)

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2017, so far as the Directors are aware, the following parties (other than the Directors and chief executives of the Company) had interests or short position in the Shares and underlying Shares as recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

#### (1) Long Position in Shares of the Company

Name of substantial shareholders	Capacity	Number of Shares	*Approximate percentage of total issued Shares
All Landmark	Beneficial owner	401,653,780 <sup>(1)</sup>	6.41%
Ms Melinda Chan	Beneficial owner	129,690,066	2.07%
	Interest of spouse	1,943,491,826 <sup>(2)</sup>	31.01%
		2,073,181,892	33.08%
Elite Success	Beneficial owner	687,371,750	10.97%
Mr Li Chi Keung	Beneficial owner	7,429	0.00%
	Controlled corporation	687,371,750 <sup>(3)</sup>	10.97%
		687,379,179	10.97%
Ms Wong Hoi Ping	Controlled corporation	687,371,750 <sup>(3)</sup>	10.97%
	Interest of spouse	7,429 <sup>(4)</sup>	0.00%
		687,379,179	10.97%
Ms Chan Un Chan	Beneficial owner	75,664,000	1.21%
	Founder of discretionary trust	934,269,609 <sup>(5)</sup>	14.91%
	Controlled corporation	2,835,000 <sup>(6)</sup>	0.05%
		1,012,768,609	16.17%
Earth Group Ventures Ltd.	Beneficial owner	934,269,609 <sup>(5)</sup>	14.91%
UBS TC (Jersey) Ltd.	Trustee/controlled corporation	934,269,609 <sup>(5)</sup>	14.91%

Notes:

- The interest of All Landmark was disclosed as the interest of Mr David Chow in the above section headed "Directors' and Chief Executives' Interests and Short Position in Shares and Underlying Shares of the Company".
- Ms Melinda Chan was deemed to be interested in 1,943,491,826 Shares through the interest of her spouse, Mr David Chow.

## Corporate Governance and Other Information (Continued)

3. These Shares were held by Elite Success (a company in which each of Mr Li Chi Keung and Ms Wong Hoi Ping, spouse of Mr Li Chi Keung, held 44.5% of the total issued capital).
4. Ms Wong Hoi Ping was deemed to be interested in 7,429 Shares through the interest of her spouse, Mr Li Chi Keung.
5. These Shares were held directly by UBS Nominees Limited, which is a nominee holding the Shares for Earth Group Ventures Ltd., a company wholly-owned by UBS TC (Jersey) Ltd. as trustee of the Earth Settlement. Earth Settlement is a discretionary trust set up by Ms Chan Un Chan as founder for her assets planning purposes.
6. These Shares were held by UNIR (HK) Management Limited, a controlled corporation of Ms Chan Un Chan.

\* The percentage represents the number of Shares interested divided by the number of the issued Shares as at 30 June 2017.

### (2) Short Position in Shares of the Company

Name of substantial shareholders	Capacity	Number of Shares	*Approximate percentage of total issued Shares
Ms Melinda Chan	Interest of spouse	1,778,327,654 <sup>(1)</sup>	28.37%
All Landmark	Beneficial owner	319,696,000 <sup>(2)</sup>	5.10%

Notes:

1. Ms Melinda Chan was deemed to have a short position in 1,778,327,654 Shares through the short position of her spouse, Mr David Chow. Details of the above short position in Shares have been disclosed in the above section headed "Directors' and Chief Executives' Interests and Short Position in Shares and Underlying Shares of the Company".
2. The short position of All Landmark was disclosed as the short position of Mr David Chow in the above section headed "Directors' and Chief Executives' Interests and Short Position in Shares and Underlying Shares of the Company".

\* The percentage represents the number of Shares involved in the short position divided by the number of the issued Shares as at 30 June 2017.

Save as disclosed above, the Directors are not aware of any other corporation or individual (other than a Director or the chief executive of the Company) who, as at 30 June 2017, had registered an interest or a short position in the Shares or underlying Shares as recorded in the register of interests required to be kept pursuant to section 336 of the SFO.

## LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

Pursuant to the Facility Agreement, the following specific performance obligations have been imposed on the controlling shareholders of the Company unless consented by the Majority Lenders:

- (i) Mr David Chow, All Landmark, Madam Lam, Grand Bright and certain substantial shareholders of the Company are required to hold directly or indirectly in aggregate not less than 51% of the issued share capital of the Company; and
- (ii) the majority of the Board, being Mr David Chow, Madam Lam, Mr Sheldon Trainor-DeGirolamo and Mr Tong Ka Wing, Carl, shall remain the same during the life of the Facility.

Such requirements as to the maintenance of the level of ownership and composition of the members of the Board result in the disclosure obligation under Rule 13.18 of the Listing Rules.

## Corporate Governance and Other Information (Continued)

### TRANSFER RESTRICTIONS AMONG CERTAIN SHAREHOLDERS

On 28 December 2012, an agreement (the “Transfer Restrictions Agreement”), which was subsequently amended and restated on 5 June 2013, was entered into among Mr David Chow, All Landmark, Madam Lam, Grand Bright, Mr Li Chi Keung, Elite Success and Ms Chan Un Chan (together the “Covenantors”). Pursuant to the Transfer Restrictions Agreement, the Covenantors agreed not to transfer, whether directly or indirectly, any Shares registered in their respective names, or any right, title or interest therein or thereto such that, among others, the total number of Shares held by the Covenantors should not be less than 51% of the total issued capital of the Company. Further details of the Transfer Restrictions Agreement are set out in the Prospectus and the Supplemental Prospectus.

### UPDATE ON DIRECTORS’ INFORMATION

Details of the biography of each of the Directors are set out in the 2016 Annual Report of the Company dated 28 March 2017.

Set out below is the change in information of a Director pursuant to Rule 13.51B(1) of the Listing Rules:

Madam Tam Wai Chu, Maria has been appointed as an independent non-executive director of China Shenhua Energy Company Limited, a company listed on Shanghai Stock Exchange and Hong Kong Stock Exchange, stock code: 601088 and 1088 respectively since 23 June 2017.

### 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 2017, the Company has complied with the CG Code except for code provision A.2.1.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Currently, Mr David Chow and Mr Tong Ka Wing, Carl are co-chairmen of the Board and responsible for the management of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner. In addition, Mr David Chow is the chief executive officer of the Company, taking care of the day-to-day management of the Group’s business and implementing the Group’s policies, strategic plans and business goals formulated by the Board. Although Mr David Chow is both a co-chairman and the chief executive officer of the Company, the powers and authorities of the co-chairman have not been concentrated as the responsibilities have been shared between the co-chairmen. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high calibre individuals with sufficient number of Directors being non-executive Directors.

## Corporate Governance and Other Information (Continued)

### Compliance with the Model Code and Employees Written Guidelines

The Company has adopted the Model Code as its code of conduct governing directors' dealings in the Company's securities. Specific enquiry has been made of all the Directors and they have confirmed their compliance with the Model Code during the six months ended 30 June 2017.

The Company also has established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines"), governing securities transactions by relevant employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company during the six months ended 30 June 2017.

### Review of 2017 Interim Report and Unaudited Condensed Consolidated Financial Statements

The 2017 Interim Report including unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2017 have been reviewed by the Audit Committee, which currently comprises three independent non-executive Directors, namely Mr Fong Chung, Mark, Mr Xie Min and Madam Tam Wai Chu, Maria, and two non-executive Directors, namely Mr Tong Ka Wing, Carl and Ms Ho Chiulin, Laurinda. The unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2017 have also been reviewed 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.

### Investor Relations

Information regarding the Company is published on its website at "www.macaulegend.com". Interim and annual reports, circulars and notices of the Company are dispatched to shareholders of the Company at appropriate times. The website of the Company provides information such as e-mail address, correspondence address and telephone numbers for inquiries, and provides information on business activities of the Group.



By Order of the Board  
**Macau Legend Development Limited**  
**Chow Kam Fai, David**  
*Co-chairman, executive Director and  
chief executive officer*

Hong Kong, 31 August 2017

# Report on Review of Condensed Consolidated Financial Statements

The Deloitte logo, consisting of the word "Deloitte" in a bold, blue, sans-serif font.The Chinese characters "德勤" (Deloitte) in a blue, sans-serif font.

## TO THE BOARD OF DIRECTORS OF MACAU LEGEND DEVELOPMENT LIMITED

澳門勵駿創建有限公司

*(incorporated in the Cayman Islands with limited liability)*

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Macau Legend Development Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 23 to 42, which comprise the condensed consolidated statement of financial position as of 30 June 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

31 August 2017



# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue	3	<b>855,902</b>	666,022
Cost of sales and services		<b>(612,764)</b>	(526,245)
		<b>243,138</b>	139,777
Other income, gains and losses		<b>3,105</b>	19,937
Marketing and promotional expenses		<b>(90,023)</b>	(79,789)
Operating, administrative and other expenses		<b>(306,140)</b>	(235,061)
Finance costs	5	<b>(42,158)</b>	(22,643)
Loss before taxation	6	<b>(192,078)</b>	(177,779)
Taxation (charge) credit	7	<b>(36,474)</b>	2,490
Loss for the period		<b>(228,552)</b>	(175,289)
Other comprehensive income (expense):			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
— exchange differences arising on translation of foreign operations		<b>29,894</b>	(18)
Other comprehensive income (expense) for the period		<b>29,894</b>	(18)
Total comprehensive expense for the period		<b>(198,658)</b>	(175,307)
Loss per share	9		
— Basic (HK cents)		<b>(3.7)</b>	(2.8)
— Diluted (HK cents)		<b>N/A</b>	N/A



# Condensed Consolidated Statement of Financial Position

At 30 June 2017

	Notes	30.6.2017 HK\$'000 (unaudited)	31.12.2016 HK\$'000 (audited)
<b>Non-current assets</b>			
Investment properties	10	436,314	358,287
Property and equipment	10	7,284,975	6,541,742
Prepaid lease payments		1,702,393	1,728,821
Goodwill		681,986	681,986
Other intangible assets		300,718	314,704
Deposits paid	11	749,590	847,936
		<b>11,155,976</b>	10,473,476
<b>Current assets</b>			
Inventories		46,100	44,687
Prepaid lease payments		54,435	54,416
Trade and other receivables	12	474,071	466,788
Pledged bank deposits		6,525	21,088
Bank balances and cash		124,563	207,878
		<b>705,694</b>	794,857
<b>Current liabilities</b>			
Trade and other payables	13	1,456,252	949,516
Taxation		825	1,650
Bank and other borrowings — due within one year	14	1,244,744	1,042,932
		<b>2,701,821</b>	1,994,098
<b>Net current liabilities</b>		<b>(1,996,127)</b>	(1,199,241)
<b>Total assets less current liabilities</b>		<b>9,159,849</b>	9,274,235
<b>Non-current liabilities</b>			
Bank borrowings — due after one year	14	1,815,526	2,410,235
Loans from a shareholder	15	682,234	—
Deferred tax liabilities	16	168,323	171,576
		<b>2,666,083</b>	2,581,811
<b>Net assets</b>		<b>6,493,766</b>	6,692,424
<b>Capital and reserves</b>			
Share capital	17	626,758	626,758
Reserves		5,867,008	6,065,666
<b>Equity attributable to owners of the Company</b>		<b>6,493,766</b>	6,692,424

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	Share capital	Share premium	Treasury shares	Other reserve	Share options reserve	Translation reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2017 (audited)	<b>626,758</b>	<b>4,233,248</b>	—	<b>(323,835)</b>	—	<b>(18,162)</b>	<b>2,174,415</b>	<b>6,692,424</b>
Loss for the period	—	—	—	—	—	—	<b>(228,552)</b>	<b>(228,552)</b>
Other comprehensive expense for the period	—	—	—	—	—	<b>29,894</b>	—	<b>29,894</b>
Total comprehensive expense for the period	—	—	—	—	—	<b>29,894</b>	<b>(228,552)</b>	<b>(198,658)</b>
At 30 June 2017 (unaudited)	<b>626,758</b>	<b>4,233,248</b>	—	<b>(323,835)</b>	—	<b>11,732</b>	<b>1,945,863</b>	<b>6,493,766</b>
At 1 January 2016 (audited)	636,676	4,328,340	—	(323,835)	18,666	—	2,433,244	7,093,091
Loss for the period	—	—	—	—	—	—	(175,289)	(175,289)
Other comprehensive expense for the period	—	—	—	—	—	(18)	—	(18)
Total comprehensive expense for the period	—	—	—	—	—	(18)	(175,289)	(175,307)
Repurchase and cancellation of shares	(6,435)	(58,609)	—	—	—	—	—	(65,044)
Treasury shares purchased	—	—	(4,981)	—	—	—	—	(4,981)
At 30 June 2016 (unaudited)	630,241	4,269,731	(4,981)	(323,835)	18,666	(18)	2,257,955	6,847,759

Note: The other reserve of the Group represents the difference between the nominal value of the shares of subsidiaries acquired by the Company and the nominal value of the shares of the Company issued for acquisition at the time of group reorganisation in December 2006.



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Net cash from (used in) operating activities	<b>14,381</b>	(74,532)
Investing activities		
Purchase of property and equipment	<b>(318,431)</b>	(1,073,810)
Deposits paid	<b>(14,436)</b>	(17,479)
Withdrawal of pledged bank deposits	<b>14,563</b>	3,742
Interest received	<b>126</b>	11,372
Decrease in short-term bank deposits with original maturity over three months	<b>—</b>	302,536
Net cash used in investing activities	<b>(318,178)</b>	(773,639)
Financing activities		
Loans from a shareholder	<b>710,000</b>	—
Repayment of bank and other borrowings	<b>(401,000)</b>	(214,000)
Interest paid	<b>(64,928)</b>	(59,884)
Repayment to a shareholder	<b>(27,766)</b>	—
Payment for repurchase of shares	<b>—</b>	(70,025)
Net cash from (used in) financing activities	<b>216,306</b>	(343,909)
Net decrease in cash and cash equivalents	<b>(87,491)</b>	(1,192,080)
Cash and cash equivalents at 1 January	<b>207,878</b>	2,918,231
Effect of foreign exchange rate changes	<b>4,176</b>	213
Cash and cash equivalents at 30 June, represented by		
Bank balances and cash	<b>124,563</b>	1,726,364

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 5 October 2006 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office of the Company is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company in Macau is Palace Building, Macau Fisherman’s Wharf, Avenida da Amizade e Avenida da Dr. Sun Yat Sen, Macau.

The Group is one of the leading owners of entertainment and casino gaming facilities in Macau. The Group currently has two major properties, The Landmark Macau and Macau Fisherman’s Wharf (“MFW”). The Landmark Macau is an award-winning integrated hotel, casino and luxury shopping complex, featuring a five-star hotel and Macau’s first themed casino. MFW is a waterfront integrated gaming, hotel, convention and entertainment complex located on the outer harbour of the Macau Peninsula. In 2015, the Group entered into agreements with the Government of Cape Verde and has commenced to develop an integrated leisure, tourism and entertainment complex in Praia, the capital city of Cape Verde. In 2016, the Group entered into agreements with the Government of Lao People’s Democratic Republic (“Lao PDR”) and acquired an integrated set of activities and assets that are engaged in operation of integrated resorts in Lao PDR (the “Business Operation”).

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

In preparing the Group’s condensed consolidated financial statements, the directors of the Company (the “Directors”) have careful consideration to the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by approximately HK\$1,996,127,000, and the Group has commitments of approximately HK\$225,550,000 as at 30 June 2017. The Directors have reviewed the Group’s cash flow projections which cover a period of not less than twelve months from 30 June 2017 and are of the opinion that the Group will have sufficient working capital to meet its financial obligations that will be due in the coming twelve months from 30 June 2017 on the basis that:

- (i) Subsequent to 30 June 2017, the Group has entered into a long-term loan facility agreement amounting to HK\$100,000,000 with a controlling shareholder of the Company to provide additional financing to the Group which has been fully drawn down by the Group in July 2017.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2017

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION (Continued)

- (ii) The fair value of the Group's investment properties together with the leasehold interest in land included in the Group's prepaid lease payments as at 31 December 2016, which had been arrived based on an estimation carried out by the Group's management, amounted to HK\$3,181,000,000. At 30 June 2017, the Directors considered that the amount of the fair value of the Group's investment properties did not differ significantly from that which would be determined using fair values at 31 December 2016. In addition, the Group has been approached by and is currently in negotiation with interested buyers on the potential disposal of The Landmark Macau and the management remains positive on disposal. In the opinion of the Directors, cash inflows for the Group can be generated from future sales of properties including, but not limited to, The Landmark Macau when necessary.
- (iii) The Group has been negotiating with banks for the matters in relation to long-term re-financing. The Directors are of the opinion that there are good track records and relationship with banks which would enhance the Group's ability on re-financing its borrowing facilities.

Based on the aforesaid factors and together with the undertaking from controlling and substantial shareholders to provide financial support when necessary, the Directors are satisfied that the Group will have sufficient financial resources to meet in full its financial obligations as and when they fall due for the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described above, the accounting policies and methods of computations used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and the Hong Kong Accounting Standards ("HKASs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to HKFRS 12	As part of the annual improvements to HKFRSs 2014–2016 cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2017

### 3. REVENUE

Revenue mainly represents the amounts received and receivable for goods sold and services rendered by the Group to outside customers, less discounts. An analysis of the Group's revenue during the period is as follows:

	Six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue from gaming related operations:		
(i) from provision of gaming related facilities and gaming related general management services under the Service Agreement (as defined in note 4) and indirect participation in the gaming promotion business under the VIE Structure (as defined in note 4) in respect of:		
– Mass market tables	<b>373,483</b>	326,235
– VIP tables*	<b>72,102</b>	88,707
– Slot machines	<b>7,297</b>	4,505
(ii) from operation of a casino in respect of:		
– Mass market tables	<b>53,116</b>	—
– VIP tables	<b>8,537</b>	—
– Slot machines	<b>48,644</b>	—
	<b>563,179</b>	419,447
Revenue from non-gaming related operations:		
Rental income from hotel rooms	<b>122,998</b>	89,167
Licensing income from investment properties	<b>51,951</b>	62,166
Income from building management services	<b>31,651</b>	28,445
Food and beverage	<b>76,742</b>	56,323
Sales of merchandise	<b>7,182</b>	7,514
Others	<b>2,199</b>	2,960
	<b>292,723</b>	246,575
	<b>855,902</b>	666,022

\* The amounts include outsourced VIP tables and indirect participation in the gaming promotion business in Macau through New Legend (as defined in note 4) under the VIE Structure.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2017

### 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, and the indirect participation in the gaming promotion business, the Executive Directors regularly analyse gaming related revenue in terms of service income from mass market tables, VIP tables and slot machines. For the operation of a casino, the Executive Directors regularly analyse gaming related revenue in terms of net difference between gaming wins and losses from mass market tables, VIP tables and slot machines. The Executive Directors review separately the entire revenues and operating results attributable to gaming related services and non-gaming operations. As such, the Executive Directors have identified the operating and reportable segments under HKFRS 8 “Operating segments” as gaming and non-gaming operations.

The segment information is consistent with the internal information that is regularly reviewed by the Executive Directors for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around differences in products and services. The principal activities of the operating and reportable segments are as follows:

Gaming — 1) Gaming related services for mass market tables, VIP tables and slot machines under the service agreement dated 25 September 2006 and its related amendments (collectively the “Service Agreement”) entered into between Hong Hock Development Company Limited (“Hong Hock”), a wholly-owned subsidiary of the Company and gaming operator, Sociedade de Jogos de Macau, S.A. (“SJM”), whereby the revenue is derived based on net gaming wins. Revenue from the indirect participation in the gaming promotion business represents the sharing of gross gaming revenue generated by gaming tables in VIP rooms operated by a subsidiary, New Legend VIP Club Limited (“New Legend”), through the structure established by entering into of the VIE Agreements among Hong Hock, New Legend and Mr. Frederick Yip, where appropriate, of which further details are set out in the Company’s circular dated 9 June 2014 (the “VIE Structure”); and 2) Casino operation in Lao PDR.

Non-gaming — operations at The Landmark Macau, MFW and the Business Operation in Lao PDR, 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”.



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2017

### 4. SEGMENT INFORMATION (Continued)

#### Segment revenue and results

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

#### For the six months ended 30 June 2017 (unaudited)

	Gaming HK\$'000	Non-gaming HK\$'000	Segment total HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
External revenue	563,179	292,723	855,902	—	855,902
Inter-segment revenue	—	101,918	101,918	(101,918)	—
Segment revenue	563,179	394,641	957,820	(101,918)	855,902
Segment profit (loss)	27,715	(90,078)	(62,363)	—	(62,363)
Unallocated depreciation, release of prepaid lease payments and amortisation					(51,778)
Unallocated corporate expenses					(36,323)
Unallocated exchange gain, net					544
Finance costs					(42,158)
Loss before taxation					(192,078)

#### For the six months ended 30 June 2016 (unaudited)

	Gaming HK\$'000	Non-gaming HK\$'000	Segment total HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
External revenue	419,447	246,575	666,022	—	666,022
Inter-segment revenue	—	36,876	36,876	(36,876)	—
Segment revenue	419,447	283,451	702,898	(36,876)	666,022
Segment profit (loss)	7,950	(63,788)	(55,838)	—	(55,838)
Unallocated depreciation, release of prepaid lease payments and amortisation					(50,301)
Unallocated corporate expenses					(49,210)
Unallocated exchange gain, net					213
Finance costs					(22,643)
Loss before taxation					(177,779)

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2017

### 4. SEGMENT INFORMATION (Continued)

#### Segment revenue and results (Continued)

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 profit (loss) represents the results of each segment without allocation of depreciation of investment properties and property and equipment, release of prepaid lease payments arising from the fair value adjustments on acquisition of Macau Fisherman's Wharf International Investment Limited ("MFW Investment") and its subsidiaries (collectively referred to as the "MFW Group"), amortisation of other intangible assets, expenses relating to unallocated common area in MFW, corporate expenses, net exchange difference and finance costs. Corporate expenses include directors' remuneration paid or payable by the Company and certain administrative expenses for corporate use. This is the measure reported to the Executive Directors for the purposes of resource allocation and performance assessment.

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

### 5. FINANCE COSTS

	Six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Interest on bank borrowings	53,845	57,435
Interest on loans from a shareholder	13,530	—
Amortisation of finance costs on bank borrowings	8,103	10,463
Other finance costs	1,380	1,250
Total borrowing costs	76,858	69,148
Less: Capitalised borrowing costs in construction in progress (included in property and equipment)	(34,700)	(46,505)
	42,158	22,643

Borrowing costs capitalised during the period arose from the general borrowing pool and are calculated by applying a capitalisation rate of 4.0% (six months ended 30 June 2016: 3.5%) per annum to expenditure on qualifying assets.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2017

### 6. LOSS BEFORE TAXATION

	Six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Loss before taxation has been arrived at after charging (crediting):		
Allowance (reversal of allowance) for inventories	291	(58)
Amortisation of other intangible assets	17,419	16,584
Cost of inventories recognised as an expense (included in cost of sales and services)	40,273	25,884
Depreciation of investment properties	5,936	5,936
Depreciation of property and equipment	151,439	126,558
Interest income	(63)	(16,847)
Loss on disposal of property and equipment	13	43
Operating lease rentals in respect of leasehold land and buildings	3,627	2,383
Release of prepaid lease payments	27,219	27,021
Unrealised exchange loss (gain), net	364	(213)
Gross licensing income from investment properties	(51,951)	(62,166)
Less: Direct operating expenses that generate licensing income	5,936	5,936
Net licensing income	(46,015)	(56,230)

### 7. TAXATION (CHARGE) CREDIT

	Six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Current tax charge		
— Macau Complementary Tax ("Macau CT")	(825)	(825)
— Lao PDR Flat Tax	(38,902)	—
Income tax charge	(39,727)	(825)
Deferred taxation credit (note 16)	3,253	3,315
Income tax (charge) credit	(36,474)	2,490

Macau CT is calculated at the maximum progressive rate of 12% on the estimated assessable profit for the period. No provision for Macau CT and Hong Kong Profits Tax has been made in the condensed consolidated financial statements as either the relevant group entities incurred tax losses or the estimated assessable profits were fully absorbed by tax losses brought forward from prior years.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2017

### 7. TAXATION (CHARGE) CREDIT (Continued)

Pursuant to the Dispatch of the Financial Services Bureau of the Macau Special Administrative Region, the People's Republic of China ("Macau SAR") dated 17 November 2006 and a confirmation letter issued by the Financial Services Bureau of the Macau SAR government dated 14 January 2013, gaming related revenue generated from the Service Agreement is not subject to Macau CT for any of the years ended 31 December 2012 to 2016 since it is derived from SJM gaming revenue (the "Exemption"), for which the gaming revenue is exempted pursuant to the terms of no. 2 of article 28 of the Law 16/2001 and the exemption granted by Dispatch no. 30/2004 of 23 February 2004, Dispatch no. 378/2011 of 23 November 2011 and Dispatch no. 329/2016 of 19 September 2016. Pursuant to the confirmation letter issued by the Financial Services Bureau of the Macau SAR government dated 21 November 2016, the Exemption has been extended for the period from 1 January 2017 to 31 March 2020.

Pursuant to the Dispatch of the Financial Services Bureau of the Macau SAR dated 28 June 2013, Hong Hock was allowed to pay an annual lump sum dividend withholding tax of MOP1,700,000 (equivalent to approximately HK\$1,650,000) for each of the years ended 31 December 2012 to 2016 as payment in lieu of Macau CT otherwise due by the shareholders of Hong Hock on dividend distributions from gaming profits generated in relation to the operation of the casinos at The Landmark Macau and MFW. Such annual lump sum tax payments were required regardless of whether dividends were actually distributed or whether Hong Hock had distributable profits in the relevant years. Hong Hock has applied for extension of aforementioned approval in regards to Macau CT on dividend distributions from the Financial Services Bureau of the Macau SAR government for the year of assessment from 2017 to 2021 and the approval has not yet been finalised up to the date of this report.

Pursuant to the Lao PDR Flat Tax Agreement (the "Agreement") signed between Savan Legend Resorts Sole Company Limited ("Savan Legend"), a wholly-owned subsidiary of the Company, and the Ministry of Finance of the Lao PDR (the "Laos Government") dated 13 May 2016, the Laos Government agreed Savan Legend to pay a flat tax in an amount of US\$10,000,000 (equivalent to approximately HK\$77,804,000) per annum (the "Flat Tax"). The Flat Tax shall be paid for the period from 1 September 2016 to 31 August 2019 with a conditional extension for a period of two years, given that the Group commits to carry out, a hotel resort complex project on a site owned by Savan Legend. Under the Agreement, Savan Legend is not subject to other taxes, including income tax.

### 8. DIVIDENDS

No dividends were paid, declared or proposed in respect of both interim periods.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2017

### 9. LOSS PER SHARE

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

#### Loss

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period for the purpose of basic and diluted loss per share	<b>(228,552)</b>	(175,289)

#### Number of shares

	Six months ended 30 June	
	2017	2016
	'000	'000
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>6,267,576</b>	6,311,716

For the six months ended 30 June 2017, diluted loss per share is not presented as the Company does not have any dilutive potential ordinary share. The computation of diluted loss per share for the six months ended 30 June 2016 did not assume the conversion of the Company's outstanding share options since their exercise would result in a decrease in loss per share.

### 10. INVESTMENT PROPERTIES AND PROPERTY AND EQUIPMENT

The addition of investment properties during the period includes an amount of HK\$83,963,000 (six months ended 30 June 2016: nil) for redevelopment of MFW.

The addition of property and equipment during the period includes an amount of HK\$808,715,000 (six months ended 30 June 2016: HK\$1,312,398,000) and HK\$23,233,000 (six months ended 30 June 2016: HK\$16,429,000) for redevelopment of MFW and investment project in Cape Verde, respectively.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2017

### 11. DEPOSITS PAID

	<b>30.6.2017</b>	31.12.2016
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Deposits paid for acquisition of property and equipment	<b>23,837</b>	125,631
Refundable deposit for a potential long-term investment project	<b>697,824</b>	697,824
Deposits for an investment project in Cape Verde	<b>27,929</b>	24,481
	<b>749,590</b>	847,936

### 12. TRADE AND OTHER RECEIVABLES

	<b>30.6.2017</b>	31.12.2016
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Trade receivables	<b>266,213</b>	346,624
Less: Allowance for doubtful debts	<b>(14)</b>	(14)
	<b>266,199</b>	346,610
Other receivables and deposits	<b>117,763</b>	47,722
Prepayments	<b>57,247</b>	35,234
Receivables from a gaming operator received on behalf of gaming promoters	<b>32,862</b>	37,222
Total trade and other receivables	<b>474,071</b>	466,788

At the end of the reporting period, the trade receivables included receivables from individual VIP gaming patrons of HK\$140,903,000 (31 December 2016: HK\$229,807,000).

The receivables from a gaming operator are non-trading in nature, unsecured, non-interest bearing and repayable on demand.

Before accepting any new customers, the Group assesses the potential customer's credit quality by evaluating their historical credit records and defines credit limits by customers. Recoverability and credit limit of the existing customers are reviewed by the Group regularly. At the end of the reporting period, included in the Group's trade receivable balances are receivables with aggregate carrying amount of HK\$77,625,000 (31 December 2016: HK\$93,678,000), which are neither past due nor impaired. The Directors considered that trade receivables which are neither past due nor impaired are of good credit quality given the continuous subsequent settlements from gaming operator and other customers.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2017

### 12. TRADE AND OTHER RECEIVABLES (Continued)

The Group generally allows a credit period with an average of 30 days to the VIP players, an average of 30 days to the gaming operator relating to provision of gaming related services, an average of 30 days to certain hotel guests and an average of 15 days to its tenants. The following is an aged analysis of trade receivables net of allowance for bad and doubtful debts presented based on the date of credit granted or the invoice date at the end of the reporting period:

	<b>30.6.2017</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2016 HK\$'000 (audited)
Within 3 months	<b>83,977</b>	128,179
Over 3 months but within 6 months	<b>38,475</b>	42,572
Over 6 months but within 1 year	<b>21,051</b>	22,001
Over 1 year	<b>122,696</b>	153,858
	<b>266,199</b>	346,610

### 13. TRADE AND OTHER PAYABLES

Trade and other payables principally comprise amounts outstanding for ongoing costs and construction works. The average credit period granted by the Group's creditors is one month to three months.

	<b>30.6.2017</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2016 HK\$'000 (audited)
Trade payables	<b>67,348</b>	41,808
Deposits received from tenants	<b>45,109</b>	45,889
Accrued staff costs	<b>89,512</b>	110,484
Other accruals	<b>56,177</b>	32,951
Construction and retention payable	<b>1,005,176</b>	513,136
Other payables	<b>169,220</b>	178,984
Amounts due to gaming promoters	<b>23,710</b>	26,264
Total trade and other payables	<b>1,456,252</b>	949,516

The amounts due to gaming promoters are non-trading in nature, unsecured, non-interest bearing and repayable on demand.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2017

### 13. TRADE AND OTHER PAYABLES (Continued)

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

	<b>30.6.2017</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2016 HK\$'000 (audited)
Within 3 months	<b>38,019</b>	39,952
Over 3 months but within 6 months	<b>27,504</b>	622
Over 6 months but within 1 year	<b>1,735</b>	1,192
Over 1 year	<b>90</b>	42
	<b>67,348</b>	41,808

### 14. BANK AND OTHER BORROWINGS

	<b>30.6.2017</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2016 HK\$'000 (audited)
Bank borrowings, secured (note i)	<b>3,002,770</b>	3,394,667
Other borrowing (note ii)	<b>57,500</b>	58,500
	<b>3,060,270</b>	3,453,167
Analysed for reporting purposes as:		
Current liabilities	<b>1,244,744</b>	1,042,932
Non-current liabilities	<b>1,815,526</b>	2,410,235
	<b>3,060,270</b>	3,453,167



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2017

### 14. BANK AND OTHER BORROWINGS (Continued)

Notes:

- (i) Bank borrowings, secured

	30.6.2017 HK\$'000 (unaudited)	31.12.2016 HK\$'000 (audited)
Secured bank borrowings due		
– within one year	1,187,244	984,432
– more than one year, but not exceeding two years	1,815,526	1,390,490
– more than two years, but not more than five years	–	1,019,745
	<b>3,002,770</b>	3,394,667
Less: Amount due within one year shown under current liabilities	<b>(1,187,244)</b>	(984,432)
Amount due after one year	<b>1,815,526</b>	2,410,235

- (ii) Other borrowing represents the amount due to a gaming operator which is non-interest bearing, unsecured and repayable within one year.

### 15. LOANS FROM A SHAREHOLDER

The amounts represent loans from Mr. David Chow (“Mr. Chow”), a co-chairman, an executive director, the chief executive officer and one of the controlling shareholders of the Company, which are unsecured and carry a fixed interest with reference to the prevailing market rates. Mr. Chow has agreed not to demand repayment within twelve months from the end of the reporting period. Accordingly, the amounts are classified as non-current liabilities.

### 16. DEFERRED TAX LIABILITIES

The following is the movements of deferred tax liabilities recognised for the six months ended 30 June 2017 and the year ended 31 December 2016:

	HK\$'000
At 1 January 2016 (audited)	178,207
Credit to profit or loss	(6,631)
At 31 December 2016 (audited)	171,576
Credit to profit or loss (note 7)	(3,253)
At 30 June 2017 (unaudited)	168,323

The deferred tax liabilities represent the temporary differences between fair value adjustments of investment properties, property and equipment and prepaid lease payments acquired upon acquisition of MFW Group in May 2012 and their corresponding tax bases.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2017

### 17. SHARE CAPITAL

	Number of shares	Amount HK\$'000
<b>Ordinary shares of HK\$0.10 each</b>		
Authorised:		
At 1 January 2016 (audited), 31 December 2016 (audited) and 30 June 2017 (unaudited)	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 January 2016 (audited)	6,366,761,120	636,676
Repurchase and cancellation of shares (note)	(99,185,000)	(9,918)
At 31 December 2016 (audited) and 30 June 2017 (unaudited)	6,267,576,120	626,758

Note: During the year ended 31 December 2016, the Company repurchased 99,185,000 its own ordinary shares on the Stock Exchange at an aggregate consideration of HK\$105,010,000, and those shares were cancelled subsequently after their repurchase. None of the Company's subsidiaries purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2017.

### 18. OPERATING LEASE COMMITMENTS

#### The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments in respect of leasehold land, office properties, warehouse and staff quarters rented under non-cancellable operating leases which fall due as follows:

	30.6.2017 HK\$'000 (unaudited)	31.12.2016 HK\$'000 (audited)
Within one year	<b>10,057</b>	10,452
In the second to fifth year inclusive	<b>11,172</b>	12,136
Over five years	<b>19,568</b>	17,868
	<b>40,797</b>	40,456

Operating lease payments represent rental payable by the Group for certain of its leasehold land, office properties, warehouse and staff quarters. Lease term of leasehold land in Macau is negotiated for a term of 25 years at a fixed rental and is subject for renewal in accordance with applicable laws and regulations. Lease term of leasehold land in Cape Verde is negotiated for a term of 75 years at a fixed rental and is subject to review on an annual basis. Leases for office properties, warehouse and staff quarters are negotiated for an average term of two years and rentals are fixed for an average term of two years.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2017

### 18. OPERATING LEASE COMMITMENTS (Continued)

#### The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	<b>30.6.2017</b>	31.12.2016
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Within one year	<b>95,210</b>	101,716
In the second to fifth year inclusive	<b>308,376</b>	297,337
Over five years	<b>83,522</b>	112,069
	<b>487,108</b>	511,122

Operating lease income represents licensing income receivable by the Group from certain of its rented premises. Licensing arrangements are negotiated for an average term of five years and licensing fees are fixed for an average term of two years. In addition to the fixed licensing income which is disclosed above, pursuant to the terms of certain licensing arrangements, the Group has licensing income based on certain percentage of gross sales of relevant shop. The contingent licensing income contributed an insignificant amount of licensing income earned by the Group during both reporting periods presented.

### 19. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had capital commitments in respect of the acquisition of property and equipment and construction in progress which are contracted but not provided for in the amount of approximately HK\$225,550,000 (31 December 2016: approximately HK\$892,094,000).

### 20. CONTINGENT LIABILITIES

Pursuant to the amendment in the Service Agreement on 16 December 2011, in the event of any non-payment by the gaming promoters or any failure to fulfill their obligations relating to gaming promotion agreements as entered into with SJM and gaming promoters, the Group undertakes to reimburse SJM for any loss caused by such misconduct of the gaming promoters as well as any possible legal costs associated with litigation. There are no such claims from SJM during the six months ended 30 June 2017 and the year ended 31 December 2016.

Save and except for the matters specified above, the Group does not have any litigations or claims of material importance and, so far as the Directors are aware, no litigation or claims of material importance are pending or threatened by or against any companies of the Group.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2017

### 21. RELATED PARTY TRANSACTIONS

Apart from transactions and amounts due to related parties as set out in respective notes, the Group did not have other significant transactions with related parties during both interim periods.

### 22. EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group entered into a non-legally binding letter of intent with an independent third party (the “Purchaser”), pursuant to which the Group intends to sell and the Purchaser intends to acquire the entire issued share capital of and all the shareholder’s loan(s) owed by New Macau Landmark Management Limited, an indirect wholly-owned subsidiary of the Company, the legal and beneficial owner of the piece and parcel of land and of and in the messuages erections and buildings thereon known as “The Landmark Macau” at a consideration to be agreed between the parties. The Group received refundable deposits of HK\$460 million in aggregate in July and August 2017 (the “Possible Disposal”). Further details of the Possible Disposal are set out in the Company’s announcement dated 5 July 2017.

## Definitions

In this report, the following expressions shall, unless the content otherwise requires, have the following meanings:

“Adjusted EBITDA”	the Group’s earnings before interest income, finance costs, income taxes, depreciation, release of prepaid lease payments, amortisation, loss on disposal of property and equipment, exchange gain/loss arising from non-operating activities, pre-opening expenses and one-off costs incurred or associated with corporate exercises, where applicable
“ADR”	average daily room rate
“All Landmark”	All Landmark Properties Limited, a controlled corporation of Mr David Chow
“Audit Committee”	the audit committee of the Company
“Business Operation”	An integrated set of activities and assets that are engaged in operation of integrated resorts in Lao PDR
“Board”	the board of Directors
“Cape Verde”	the Republic of Cabo Verde
“CG Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
“Company”	Macau Legend Development Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Corporate Guarantors”	the Company, New Macau Landmark and Hong Hock
“Director(s)”	the director(s) of the Company
“Elite Success”	Elite Success International Limited, a company in which each of Mr Li Chi Keung and Ms Wong Hoi Ping, the spouse of Mr Li Chi Keung, held 44.5% of the total issued capital
“Exclusive Management and Consultancy Services Agreement”	the exclusive management and consultancy services agreement dated 16 April 2014 entered into between Hong Hock and New Legend
“Exclusive Undertaking to Sell Agreement”	the exclusive undertaking to sell agreement dated 16 April 2014 entered into among Hong Hock, New Legend and Mr Frederick Yip
“Facility”	a five-year transferable term loan facility in the amount of HK\$4,221.0 million provided by the Lenders to MFW Investment
“Facility Agreement”	the facility agreement dated 8 April 2014 and entered into among MFW Investment, the Corporate Guarantors, ICBC Macau and the other Lenders relating to the Facility

## Definitions (Continued)

“Grand Bright”	Grand Bright Holdings Limited, a controlled corporation of Madam Lam
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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”	the Hong Kong Special Administrative Region of the PRC
“ICBC Macau”	Industrial and Commercial Bank of China (Macau) Limited
“Lao PDR”	the Lao People’s Democratic Republic
“Lenders”	the lenders of the Facility which are banks and financial institutions
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange with effect from 5 July 2013
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Madam Lam”	Madam Lam Fong Ngo, the vice chairman, an executive Director, a controlling shareholder (as defined in the Listing Rules) of the Company, the mother of Mr David Chow and the grandmother of Mr Donald Chow
“Majority Lenders”	Lenders who have participated in $66\frac{2}{3}\%$ or more of the total commitments, or if the Facility has been drawn, $66\frac{2}{3}\%$ or more of the total outstanding under the Facility
“MFW”	Macau Fisherman’s Wharf operated by MFW Investment
“MFW Group”	MFW Investment and its subsidiaries
“MFW Investment”	Macau Fisherman’s Wharf International Investment Limited, a company incorporated in Macau and a subsidiary of the Company
“MFW Redevelopment”	the redevelopment of MFW
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“MOP”	Macau Pataca, the lawful currency of Macau

## Definitions (Continued)

“Mr David Chow”	Mr Chow Kam Fai, David, a co-chairman, an executive Director and the chief executive officer of the Company and a controlling shareholder (as defined in the Listing Rules) of the Company
“Mr Donald Chow”	Mr Chow Wan Hok, Donald, an executive Director, the corporate development director and Babylon Casino director of the Company, the son of Mr David Chow and Ms Melinda Chan, and the grandson of Madam Lam
“Mr Frederick Yip”	Mr Yip Wing Fat, Frederick, the sole shareholder and sole director of New Legend and the executive vice president, head of casino operations of the Company
“Ms Melinda Chan”	Ms Chan Mei Yi, Melinda, the spouse of Mr David Chow and the mother of Mr Donald Chow
“New Legend”	New Legend VIP Club Limited, a company incorporated in Macau by Mr Frederick Yip, and consolidated as a subsidiary of the Company under the VIE Structure
“New Macau Landmark”	New Macau Landmark Management Limited, a company incorporated in Macau and a subsidiary of the Company
“PRC”	the People’s Republic of China
“Project Cape Verde”	the project of developing an integrated leisure, tourism and entertainment complex in Praia, the capital city of Cape Verde
“Prospectus”	the prospectus of the Company dated 17 June 2013
“REVPAR”	revenue per available room
“RMB”	Renminbi, the lawful currency of the PRC
“Savan Legend”	Savan Legend Resorts Sole Company Limited, a company incorporated in the Lao PDR and a wholly-owned subsidiary of the Company, which operates Savan Resorts Hotel and Entertainment Complex
“Service Agreement”	the service agreement dated 25 September 2006 and its related amendments entered into between Hong Hock and SJM, under which the Group provides gaming services to SJM in the Group’s three major casinos, namely Pharaoh’s Palace Casino in The Landmark Macau, Legend Palace Casino and Babylon Casino in MFW
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share Option Scheme”	the share option scheme adopted by the Company
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company

## Definitions (Continued)

“Share and Equity Pledge Agreement”	the share and equity pledge agreement dated 16 April 2014 entered into among Hong Hock, New Legend and Mr Frederick Yip
“SJM”	Sociedade de Jogos de Macau, S.A.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Prospectus”	the supplemental prospectus of the Company dated 26 June 2013
“The Landmark Macau”	the hotel, dining, conference and casino complex and the car parks located at 549–567 Avenida da Amizade, Macau
“Transfer of Profit and Loan Agreement”	the transfer of profit and loan agreement dated 16 April 2014 entered into among Hong Hock, New Legend and Mr Frederick Yip
“US\$”	United States dollars, the lawful currency of the United States of America
“VIE Agreements”	the Exclusive Management and Consultancy Services Agreement, the Exclusive Undertaking to Sell Agreement, the Transfer of Profit and Loan Agreement, the Share and Equity Pledge Agreement and the Power of Attorney entered into among Hong Hock, New Legend and Mr Frederick Yip, where appropriate, further details of which are set out in the Company’s circular dated 9 June 2014
“VIE Structure”	the structure established through the entering into of the VIE Agreements, which enables the Group to indirectly participate in the gaming promotion business operations in Macau through New Legend
“%”	per cent