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澳門勵駿創建有限公司

Macau Legend Development Ltd

**Macau Legend Development Limited**

澳門勵駿創建有限公司\*

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

**(Stock Code: 1680)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021; AND  
RESUMPTION OF TRADING**

Reference is made to (i) the announcements made by Macau Legend Development Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 23 March 2022 and 31 March 2022 in relation to, among others, the possible delay in publication of the 2021 Annual Results; (ii) the announcement dated 3 May 2022 in relation to, among others, delay in despatch of 2021 Annual Report; (iii) the announcement dated 19 May 2022 in relation to the date of board meeting; (iv) the announcement dated 20 May 2022 in relation to the findings in the Review Report; and (v) the announcement dated 30 May 2022 in relation to, among others, further delay in publication of the 2021 Annual Results (collectively, the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

\* *for identification purposes only*

## RESULTS

The Board announces the consolidated annual results of the Group for the year ended 31 December 2021 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*Year ended 31 December 2021*

		2021	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>REVENUE</b>	3	<b>1,135,586</b>	700,726
Cost of sales and services		<u>(1,506,840)</u>	<u>(1,168,703)</u>
		<b>(371,254)</b>	(467,977)
Other income, gains and losses, net	5	<b>21,005</b>	44,056
Share of results of an associate		<b>(28,460)</b>	(25,640)
Impairment losses on financial asset, net		<b>(16,437)</b>	(22,273)
Impairment losses on non-financial assets	6	<b>(241,000)</b>	(797,135)
Marketing and promotional expenses		<b>(108,923)</b>	(87,535)
Operating, administrative and other expenses		<b>(307,103)</b>	(378,416)
Finance costs	7	<u><b>(65,402)</b></u>	<u>(128,582)</u>
<b>LOSS BEFORE TAX</b>	8	<b>(1,117,574)</b>	(1,863,502)
Income tax expenses	9	<u><b>(72,870)</b></u>	<u>(91,645)</u>
<b>LOSS FOR THE YEAR</b>		<u><b>(1,190,444)</b></u>	<u>(1,955,147)</u>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME:</b>			
<i>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations			
— subsidiaries		<b>(10,465)</b>	21,280
— an associate		<u><b>(5,336)</b></u>	<u>11,685</u>
Other comprehensive (loss)/income for the year		<u><b>(15,801)</b></u>	<u>32,965</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<u><b>(1,206,245)</b></u>	<u>(1,922,182)</u>
<b>LOSS PER SHARE</b>			
Basic ( <i>HK cents</i> )			
— For loss for the year	11	<u><b>(19.2)</b></u>	<u>(31.5)</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Investment properties		295,084	306,346
Property and equipment		5,383,120	5,980,060
Right-of-use assets		1,254,344	1,313,907
Other intangible assets		55,037	88,898
Investment in an associate		7,084	30,208
Loan to an associate		116,467	116,467
Deposits paid		226,909	232,657
Financial assets at fair value through profit or loss		208,338	212,005
Total non-current assets		<u>7,546,383</u>	<u>8,280,548</u>
<b>CURRENT ASSETS</b>			
Inventories		24,289	28,046
Trade and other receivables, deposits and prepayments	12	265,167	257,456
Pledged bank deposits		1,671	1,671
Cash and bank balances		132,596	125,257
Total current assets		<u>423,723</u>	<u>412,430</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	355,285	401,373
Tax payable		641,103	542,532
Bank and other borrowings — due within one year		206,733	193,622
Lease liabilities		8,291	9,815
Total current liabilities		<u>1,211,412</u>	<u>1,147,342</u>
<b>NET CURRENT LIABILITIES</b>		<u>(787,689)</u>	<u>(734,912)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>6,758,694</u>	<u>7,545,636</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***At 31 December 2021*

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Bank and other borrowings — due after one year	<b>2,201,956</b>	1,774,946
Lease liabilities	<b>102,752</b>	103,953
Deferred tax liabilities	<b>139,046</b>	145,552
	<hr/>	<hr/>
Total non-current liabilities	<b>2,443,754</b>	2,024,451
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>4,314,940</b>	5,521,185
	<hr/>	<hr/>
<b>EQUITY</b>		
Share capital	<b>620,119</b>	620,119
Reserves	<b>3,694,821</b>	4,901,066
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<b>TOTAL EQUITY</b>	<b>4,314,940</b>	5,521,185
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

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

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

The Group had net current liabilities of approximately HK\$788 million as at 31 December 2021 and recorded a net loss of HK\$1,206 million for the year ended 31 December 2021. The Group's total bank and other borrowings amounted to HK\$2,359 million, of which HK\$207 million will be due for repayment within the next 12 months from the reporting date, while its cash and cash equivalents amounted to HK\$133 million as at 31 December 2021.

During the year, the Group had breached a loan covenant (the “**Covenant**”) clause whereby the Group's net assets should not be less than HK\$5,500 million. On 27 August 2021, the Group obtained a waiver of the Covenant from Luso International Banking Limited (“**Luso**”) and CMB Wing Lung Bank, Limited — Macau Branch (“**CMB**”) (collectively as the “**Banks**”) for a period until 30 June 2022, and the Banks also agreed not to demand repayment of the relevant loan before the end of June 2022. Subsequent to the end of the reporting period, on 25 March 2022, further to the original waiver granted to the Group on 27 August 2021, the lead bank agreed to amend the Covenant on minimum net assets undertaking to HK\$4,000 million until further notice. As at the date of approval of these financial statements, based on the Group's latest management accounts and financial forecasts, the management considers that the amount of the Group's net assets may have fallen below HK\$4,000 million.

The remaining bank borrowings in the amount of HK\$2,152 million, which are classified as non-current liabilities as at 31 December 2021, can remain to be repayable after 12 months from the reporting date in accordance with the original loan agreement only if the Banks agree to further amend the Covenant or extend the current waiver of the Covenant. The Group has been actively negotiating with the Banks to further amend the Covenant or extend the current waiver of the Covenant.

The above conditions, together with other matters below, indicate the existence of material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern. In view of such circumstances, the directors of the Company have undertaken a number of plans and measures to maintain the Group's liquidity and financial position including, inter alia:

- (a) on 27 August 2021, the Group obtained an extension of an instalment repayment amount of HK\$95 million due on 4 September 2021 to 4 September 2022 from the Banks, this amount has been rolled over into an aggregate principal amount now repayable on 4 September 2022 of HK\$213 million;
- (b) subsequent to the end of the reporting period, on 1 April 2022, a substantial shareholder of the Company provided a shareholder's loan of HK\$50 million to the Group. The Group has fully drawn down HK\$50 million as at the date of approval of the financial statements;

- (c) subsequent to the end of the reporting period, on 30 May 2022, a substantial shareholder of the Company provided a shareholder’s loan of HK\$100 million to the Group, and the Group has drawn down HK\$30 million as at the date of approval of the financial statements;
- (d) the Group is considering to carry out various divestment transactions (in respect of its equity investments and financial assets) with a view to improve the Group’s working capital position; and
- (e) the Group has undertaken various mitigating measures to manage the current business environment, including cost control program to minimise the cash outflow of non-essential items.

The Directors have reviewed the Group’s cash flow forecast covering a period of 12 months from the end of the reporting period. They are of the opinion that, taking into account of the above-mentioned plans and measures and upon the realisation, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the Directors believe it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2021 on a going concern basis.

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

- (i) the existing credit facilities be maintained and made available by the Banks to the Group;
- (ii) the successful negotiation with the Banks for further amendment or extension of current waiver on the breach of loan covenant and extension for repayment of the Group’s bank borrowings; and
- (iii) the successful and timely completion of the Group’s divestment plan.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions beyond</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

Except as described below, the adoption of the amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and position for the current and prior periods and/or on the disclosures set out in these consolidated financial statements. The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirement of HKFRS 9 to measure and recognize hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate as at 31 December 2021. Since the interest rate of these borrowings were not replaced by RFRs during the period, the Group will apply this practical expedient upon the modification of these borrowings provided that the “economically equivalent” criterion is met.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the year ended 31 December 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the COVID-19 pandemic. A reduction in the lease payments arising from the rent concessions of HK\$532,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2021.

### 3. REVENUE

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

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Revenue from gaming related operations:		
Recognised over time:		
(i) from provision of gaming related facilities and gaming related general management services under the Service Agreement and indirect participation in the gaming promotion business under the VIE Structure in respect of:		
— Mass market tables	<b>780,365</b>	402,164
— VIP tables*	<b>119,583</b>	79,575
— Slot machines	<b>2,847</b>	2,981
	<b>902,795</b>	484,720
Recognised at a point in time:		
(ii) from operation of a casino in respect of:		
— Mass market tables	<b>8,799</b>	15,148
— VIP tables	—	9,485
— Slot machines	<b>5,746</b>	17,492
	<b>14,545</b>	42,125
Total gaming revenue	<b>917,340</b>	526,845

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from non-gaming related operations:		
Recognised over time:		
Income from hotel rooms	45,176	31,940
Income from building management services	<u>18,663</u>	<u>21,265</u>
	<u>63,839</u>	<u>53,205</u>
Recognised at a point in time:		
Food and beverage	96,361	57,273
Sales of merchandise	1,295	1,320
Others	<u>9,936</u>	<u>10,079</u>
	<u>107,592</u>	<u>68,672</u>
For operating leases:		
Licensing income from investment properties	<u>46,815</u>	<u>52,004</u>
Total non-gaming revenue	<u>218,246</u>	<u>173,881</u>
	<u><b>1,135,586</b></u>	<u><b>700,726</b></u>
Revenue from contracts with customers, timing of revenue recognition:		
— over time	966,634	537,925
— at a point in time	<u>122,137</u>	<u>110,797</u>
	<u>1,088,771</u>	<u>648,722</u>
Revenue from operating leases:		
— lease payments that are fixed	44,489	49,164
— variable lease payments that do not depend on an index or a rate	<u>2,326</u>	<u>2,840</u>
	<u>46,815</u>	<u>52,004</u>
	<u><b>1,135,586</b></u>	<u><b>700,726</b></u>

#### 4. SEGMENT INFORMATION

The Executive Directors have been identified as the chief operating decision maker. The Executive Directors review the Group's internal reports in order to assess performance and allocate resources.

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

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

**Gaming** — 1) Gaming related services for mass market tables, VIP tables and slot machines under the Service Agreement, whereby the revenue is derived based on net gaming wins. Revenue from the indirect participation in the gaming promotion business represents the sharing of gross gaming revenue generated by VIP gaming tables operated by a subsidiary, New Legend, through the VIE Structure; and 2) Casino operation in Lao PDR.

**Non-gaming** — operations at MFW and Savan Legend Resorts, including hotel and other operations such as licensing income from the shops, provision of building management service, food and beverage and others. For segment reporting under HKFRS 8, financial information of these operations with similar economic characteristics has been aggregated into a single operating segment named "non-gaming".

## Segment revenue and results:

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

### *Year ended 31 December 2021*

	Gaming <i>HK\$'000</i>	Non-gaming <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
External revenue	917,340	218,246	1,135,586	—	1,135,586
Inter-segment revenue	<u>—</u>	<u>72,928</u>	<u>72,928</u>	<u>(72,928)</u>	<u>—</u>
Segment revenue	<u>917,340</u>	<u>291,174</u>	<u>1,208,514</u>	<u>(72,928)</u>	<u>1,135,586</u>
Segment loss	<u>(162,980)</u>	<u>(497,485)</u>	<u>(660,465)</u>	<u>—</u>	<u>(660,465)</u>
<i>Reconciliation:</i>					
Unallocated depreciation and amortisation					(83,127)
Unallocated corporate income and expenses, net					(39,120)
Unallocated impairment losses on non-financial assets					(241,000)
Share of results of an associate					(28,460)
Finance costs					<u>(65,402)</u>
Loss before tax					<u>(1,117,574)</u>

### *Year ended 31 December 2020*

	Gaming <i>HK\$'000</i>	Non-gaming <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
External revenue	526,845	173,881	700,726	—	700,726
Inter-segment revenue	<u>—</u>	<u>50,900</u>	<u>50,900</u>	<u>(50,900)</u>	<u>—</u>
Segment revenue	<u>526,845</u>	<u>224,781</u>	<u>751,626</u>	<u>(50,900)</u>	<u>700,726</u>
Segment loss	<u>(252,937)</u>	<u>(649,197)</u>	<u>(902,134)</u>	<u>—</u>	<u>(902,134)</u>
<i>Reconciliation:</i>					
Unallocated depreciation and amortisation					(82,483)
Unallocated corporate income and expenses, net					(98,717)
Unallocated impairment losses on non-financial assets					(625,946)
Share of results of an associate					(25,640)
Finance costs					<u>(128,582)</u>
Loss before tax					<u>(1,863,502)</u>

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

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

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

## 5. OTHER INCOME, GAINS AND LOSSES, NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
(a) Other income		
Interest income		
— bank deposits	534	7,134
— financial assets at FVTPL	16,000	16,044
Insurance claims received	97	16
Others	15,055	15,539
	<u>31,686</u>	<u>38,733</u>
(b) Other gains and losses, net		
Fair value (losses)/gains on change in fair value of financial assets at FVTPL	(3,667)	629
Exchange (losses)/gains, net	(16,386)	4,750
Gain/(loss) on disposal of property and equipment	9,372	(56)
	<u>(10,681)</u>	<u>5,323</u>
	<u><u>21,005</u></u>	<u><u>44,056</u></u>

## 6. IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Impairment losses on:		
Property and equipment	241,000	199,206
Deposits paid	—	554,490
Right-of-use assets	—	9,532
Other intangible assets	—	33,907
	<hr/>	<hr/>
Total impairment losses	<b>241,000</b>	797,135
	<hr/> <hr/>	<hr/> <hr/>

During the year ended 31 December 2021, total impairment loss of HK\$241,000,000 was recognised in relation to the non-financial assets held by the Group's investment project in Cape Verde. The recognition of impairment losses was made with reference to the latest valuation reports prepared by independent valuers and taken consideration into 1) the adverse economic impact of COVID-19 in the near future has created higher risk in macro-environment in the investment locations in Cape Verde, and 2) delays in investment plan of overseas project.

## 7. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on bank borrowings	51,052	65,297
Interest on other borrowings	452	—
Interest on lease liabilities	6,318	6,725
Amortisation of finance costs on bank borrowings and other finance costs	7,580	56,560
	<hr/>	<hr/>
Total finance costs	<b>65,402</b>	128,582
	<hr/> <hr/>	<hr/> <hr/>

## 8. LOSS BEFORE TAX

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

	<b>2021</b>	2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
Staff costs		
Directors' remuneration	<b>15,418</b>	15,313
Other staff costs		
— salaries and other benefits	<b>306,086</b>	324,084
— contributions to retirement benefits schemes	<b>5,468</b>	6,284
Total staff costs	<b>326,972</b>	345,681
Reversal of allowance for inventories (included in cost of sales and services)	<b>(1,436)</b>	(82)
Amortisation of other intangible assets (included in cost of sales and services of HK\$1,084,000 (2020: HK\$1,819,000) and operating, administrative and other expenses of HK\$27,709,000 (2020: HK\$26,333,000))	<b>28,793</b>	28,152
Auditor's remuneration	<b>4,650</b>	3,600
Cost of inventories recognised as an expense (included in cost of sales and services)	<b>77,902</b>	54,817
Depreciation of investment properties	<b>11,262</b>	11,262
Depreciation of property and equipment	<b>376,604</b>	381,710
Depreciation of right-of-use assets (included in cost of sales and services of HK\$55,137,000 (2020: HK\$55,824,000) and operating, administrative and other expenses of HK\$1,461,000 (2020: HK\$1,456,000))	<b>56,598</b>	57,280
Gross licensing income from investment properties	<b>(46,814)</b>	(52,004)
Less: Direct operating expenses that generate licensing income from investment properties	<b>11,262</b>	11,262
Net licensing income from investment properties	<b>(35,552)</b>	(40,742)

## 9. INCOME TAX EXPENSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Macau complementary tax		
— current year	(1,056)	(388)
Lao PDR annual flat tax and income tax		
— current year	(78,320)	(76,908)
— under provision in prior year	—	(20,855)
	<u>(78,320)</u>	<u>(97,763)</u>
Deferred tax credit	<u>6,506</u>	<u>6,506</u>
Income tax charge	<u>(72,870)</u>	<u>(91,645)</u>

## 10. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year.

## 11. LOSS PER SHARE

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

### Loss

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year for the purposes of basic loss per Share	<u>(1,190,444)</u>	<u>(1,955,147)</u>

### Number of shares

	2021 <i>'000</i>	2020 <i>'000</i>
Weighted average number of ordinary shares for the purpose of calculation of basic loss per share	<u>6,201,187</u>	<u>6,205,252</u>

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

## 12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	238,849	187,006
Less: Impairment losses	<u>(62,557)</u>	<u>(48,407)</u>
	<u>176,292</u>	<u>138,599</u>
Other receivables	88,114	115,372
Less: Impairment losses	<u>(67,132)</u>	<u>(67,202)</u>
	<u>20,982</u>	<u>48,170</u>
Chips on hand	38,285	30,617
Deposits and prepayments	<u>29,608</u>	<u>40,070</u>
Total trade and other receivables, deposits and prepayments	<u><u>265,167</u></u>	<u><u>257,456</u></u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 3 months	153,857	118,105
Over 3 months but within 6 months	9,918	3,485
Over 6 months but within 1 year	9,217	5,448
Over 1 year	<u>3,300</u>	<u>11,561</u>
	<u><u>176,292</u></u>	<u><u>138,599</u></u>

### 13. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	97,752	49,407
Construction and retention payables	21,659	43,100
Other payables	81,384	143,631
Deposits received from tenants	21,668	25,409
Deposits received from gaming promoters	6,505	11,389
Accrued staff costs	90,766	97,443
Other sundry accruals	35,551	30,994
	<hr/>	<hr/>
Total trade and other payables	<u>355,285</u>	<u>401,373</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 3 months	93,449	48,249
Over 3 months but within 6 months	4,303	1,137
Over 1 year	—	21
	<hr/>	<hr/>
	<u>97,752</u>	<u>49,407</u>

## EXTRACTS OF INDEPENDENT AUDITOR’S REPORT

The following is an extract from the independent auditor’s report on the consolidated financial statements of the Group for the year ended 31 December 2021.

### **Disclaimer of opinion**

We were engaged to audit the consolidated financial statements of Macau Legend Development Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

### **Basis for disclaimer of opinion**

#### ***Multiple Uncertainties Relating to Going Concern***

As set out in note 2.1 to the consolidated financial statements, the Group had net current liabilities of approximately HK\$788 million as at 31 December 2021 and recorded a net loss of HK\$1,206 million for the year ended 31 December 2021. The Group’s total bank borrowings amounted to HK\$2,359 million, of which HK\$207 million will be due for repayment within the next 12 months from the reporting date, while its cash and cash equivalents amounted to HK\$133 million as at 31 December 2021. The remaining bank borrowings in the amount of HK\$2,152 million, which are classified as non-current liabilities as at 31 December 2021, can remain to be repayable after 12 months from the reporting date in accordance with the original loan agreement if the creditor banks agree to further amend the loan covenant or extend the current waiver of the relevant loan covenants. These conditions, together with other matters set out in note 2.1 to the consolidated financial statements, indicate the existence of material uncertainties that may cast significant doubt on the Group’s ability to continue as a going concern.

The directors of the Company have undertaken measures to improve the Group's liquidity and financial position, which are set out in note 2.1 to the consolidated financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) continuous credit facilities being made available to the Group by the banks; (ii) obtaining the banks' agreement for further amendment or extension of current waiver on the breach of loan covenant and extension for repayment of the Group's bank borrowings; and (iii) successful and timely completion of the Group's divestment plan.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments may have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, where applicable. The effect of these adjustments has not been reflected in the consolidated financial statements.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Overview of Results**

For the year ended 31 December 2021, the Group achieved a total reported revenue of approximately HK\$1,135.6 million, representing an increase of approximately HK\$434.9 million or approximately 62.1% over that of the last corresponding year of approximately HK\$700.7 million.

#### ***A. Gaming Services***

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

## Legend Palace Casino

	Mass Market Tables			VIP Tables <sup>(1)</sup>			Slot Machines		
	For the year ended 31 December			For the year ended 31 December			For the year ended 31 December		
	2021	2020	Change	2021	2020	change	2021	2020	change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Games drop/Slot handle	<b>2,481,775</b>	1,499,374	65.5	N/A	N/A	N/A	<b>104,062</b>	106,985	(2.7)
Turnover	N/A	N/A	N/A	<b>3,049,124</b>	2,241,390	36.0	N/A	N/A	N/A
Net win	<b>354,748</b>	275,022	29.0	<b>122,167</b>	77,632	57.4	<b>6,258</b>	6,545	(4.4)
Hold rate	<b>14.29%</b>	18.34%	(4.1)	<b>4.01%</b>	3.46%	0.6	<b>6.01%</b>	6.12%	(0.1)
Average number of tables/ slot machines	<b>61</b>	55	10.9	<b>16</b>	21	(23.8)	<b>37</b>	76	(51.3)
Net win per table/slot machine per day	<b>16</b>	14	14.3	<b>22</b>	10	120.0	<b>0.47</b>	0.2	135.0
Reported revenue	<b>202,060</b>	157,043	28.7	<b>68,616</b>	40,840	68.0	<b>2,503</b>	2,568	(2.5)
No. of gaming tables/slot machines in operation as of year end	<b>59</b>	54	9.3	<b>16</b>	17	(5.9)	<b>35</b>	52	(32.7)

## Babylon Casino

	Mass Market Tables			VIP Tables <sup>(1)</sup>			Slot Machines		
	For the year ended 31 December			For the year ended 31 December			For the year ended 31 December		
	2021	2020	change	2021	2020	change	2021	2020	change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Games drop/Slot handle	<b>1,020,894</b>	595,459	71.4	N/A	N/A	N/A	<b>10,628</b>	13,572	(21.7)
Turnover	N/A	N/A	N/A	<b>2,087,227</b>	1,896,060	10.1	N/A	N/A	N/A
Net win	<b>123,015</b>	90,730	35.6	<b>91,245</b>	69,078	32.1	<b>857</b>	1,065	(19.5)
Hold rate	<b>12.05%</b>	15.24%	(3.2)	<b>4.37%</b>	3.64%	0.7	<b>8.06%</b>	7.85%	0.2
Average number of tables/ slot machines	<b>24</b>	24	—	<b>9</b>	9	—	<b>20</b>	31	(35.5)
Net win per table/slot machine per day	<b>14</b>	10	40.0	<b>27</b>	21	28.6	<b>0.18</b>	0.1	80.0
Reported revenue	<b>67,658</b>	49,919	35.5	<b>49,976</b>	37,802	32.2	<b>343</b>	413	(16.9)
No. of gaming tables/slot machines in operation as of year end	<b>25</b>	24	4.2	<b>9</b>	10	(10)	—	20	(100)

*Landmark Casino*

	Mass Market Tables			VIP Tables <sup>(1)</sup>		
	For the year ended 31 December			For the year ended 31 December		
	2021	2020	change	2021	2020	change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Games drop/Slot handle	3,824,633	1,290,712	196.3	N/A	N/A	N/A
Turnover	N/A	N/A	N/A	2,012,910	2,286,000	(11.9)
Net win	924,448	354,911	160.5	49,583	46,635	6.3
Hold rate	24.28%	27.50%	(3.2)	2.46%	2.04%	0.4
Average number of tables	70	69	1.4	7	9	(22.2)
Net win per table per day	36	14	157.1	19	14	35.7
Reported revenue	510,646	195,202	161.6	992	933	6.3
No. of gaming tables in operation as of year end	75	69	8.7	3	9	(66.7)

*Savan Legend Casino<sup>(2)</sup>*

	Mass Market Tables			VIP Tables			Slot Machines		
	For the year ended 31 December			For the year ended 31 December			For the year ended 31 December		
	2021	2020	change	2021	2020	change	2021	2020	change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Games drop/Slot handle	39,760	63,798	(37.7)	N/A	N/A	N/A	184,475	474,274	(61.1)
Turnover	N/A	N/A	N/A	—	745,275	(100.0)	N/A	N/A	N/A
Net win	8,361	16,443	(49.2)	—	25,781	(100.0)	6,259	17,891	(65.0)
Hold rate	21.03%	25.77%	(4.7)	—	3.46%	(3.5)	3.39%	3.77%	(0.4)
Average number of tables/ slot machines	7	8	(12.5)	—	5	(100.0)	176	213	(17.4)
Net win per table/slot machine per day	6	6	—	—	14	(100.0)	0.4	0.2	100.0
Reported revenue	8,799	15,148	(41.9)	—	9,485	(100.0)	5,747	17,492	(67.1)
No. of gaming tables/slot machines in operation as of year end	7	4	75	—	4	(100.0)	171	185	(7.6)

	2021	2020
	HK\$'000	HK\$'000
Total reported revenue for gaming services		
Mass Market Tables	789,164	417,312
VIP Tables <sup>(1)</sup>	119,583	89,060
Slot Machines	8,593	20,473
	<u>917,340</u>	<u>526,845</u>

*Notes:*

- (1) The amounts include outsourced VIP tables and indirect participation in the gaming promotion business in Macau through New Legend under the VIE Structure.
- (2) The amounts include the operating statistics of the Thakhek slot club which was opened 6 months (2020: 6 months) in 2021. Casino in Savan Legend temporarily closed for 6.2 months in 2021 in correspondence to COVID-19 pandemic, hence, 5.8 months (2020: 3.5 months) performance is only presented for the year ended 31 December 2021.

For the year ended 31 December 2021, gaming revenue of the Group increased by approximately HK\$390.5 million or approximately 74.1% when compared to the last corresponding year. The increase in gaming revenue was primarily due to more visitors from mainland China under the better control of COVID-19 pandemic and more local consumption in Macau which caused (i) increment in the reported revenue contributed from Legend Palace Casino of approximately HK\$72.7 million, (ii) increment in reported revenue contributed by Babylon Casino of approximately HK\$29.8 million, (iii) increment in reported revenue contributed by Landmark Casino of approximately HK\$315.5 million but (iv) decrement in reported revenue contributed by Savan Legend Casino of approximately HK\$27.6 million.

As at 31 December 2021, the Group had a total of 194 gaming tables in Macau (31 December 2020: 194), of which 187 (31 December 2020: 185) (including electronic table games) were put into operation. The Group had 7 (31 December 2020: 8) gaming tables which were put into operation in the Lao PDR.

***B. Non-gaming Operations***

For the year ended 31 December 2021, the Group recorded a total non-gaming revenue of approximately HK\$218.2 million, increased by approximately HK\$44.3 million or approximately 25.5% above that of the last corresponding year of approximately HK\$173.9 million.

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

	2021			2020		
	The Group excluding Savan Legend	Savan Legend	Consolidated	The Group excluding Savan Legend	Savan Legend	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Income from hotel rooms	44,884	292	45,176	31,116	824	31,940
Licensing income from investment properties	46,814	—	46,814	51,829	175	52,004
Income from building management services	18,663	—	18,663	21,265	—	21,265
Food and beverage	96,250	111	96,361	56,529	744	57,273
Sales of merchandise	1,295	—	1,295	1,303	17	1,320
Others	9,930	6	9,936	10,001	78	10,079
Total revenue from non-gaming operations	<u>217,836</u>	<u>409</u>	<u>218,245</u>	<u>172,043</u>	<u>1,838</u>	<u>173,881</u>

The increase in non-gaming revenue was primarily due to increase in revenue from hotel operation and food and beverage as a result of increase in number of visitors from the mainland China and enhanced consumption by local Macau people.

The following table sets out certain key operational data on our major hotel operations of the Group for the year ended 31 December 2021 and 2020:

	2021		2020	
	Legend Palace Hotel	Harbourview Hotel	Legend Palace Hotel	Harbourview Hotel
Occupancy rate (%)	67.5	65.2	40.2	30.1
ADR (HK\$)	769	300	1,266	659
REVPAR (HK\$)	519	196	509	198

## Adjusted EBITDA

Adjusted EBITDA for the year ended 31 December 2021 recorded a loss of approximately HK\$300.3 million, representing an improvement of approximately HK\$129.0 million or approximately 30.0% over that of the last corresponding year with a loss of approximately HK\$429.3 million. The following table reconciles the Adjusted EBITDA to the loss attributable to owners of the Company:

	2021			2020		
	The Group excluding Savan Legend	Savan Legend	Consolidated	The Group excluding Savan Legend	Savan Legend	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss attributable to owners of the Company	(1,043,142)	(147,302)	(1,190,444)	(1,635,193)	(319,954)	(1,955,147)
Adjustments for:						
Finance costs	63,880	1,522	65,402	126,578	2,004	128,582
Depreciation of investment properties	11,262	—	11,262	11,262	—	11,262
Depreciation of property and equipment	359,590	17,014	376,604	354,153	27,557	381,710
Depreciation of right-of-use assets	50,623	5,975	56,598	50,857	6,423	57,280
Amortisation of other intangible assets	27,710	1,083	28,793	26,333	1,819	28,152
Loss/(gain) on disposal of property and equipment	(9,473)	101	(9,372)	125	(69)	56
Impairment losses on financial assets, net	7,467	8,970	16,437	20,131	2,142	22,273
Impairment losses on other intangible assets	—	—	—	—	33,907	33,907
Impairment losses on property and equipment	241,000	—	241,000	69,662	129,544	199,206
Impairment losses on right-of-use assets	—	—	—	1,794	7,738	9,532
Impairment losses on deposits paid	—	—	—	554,490	—	554,490
Unrealized exchange (gain)/loss	(50)	16,565	16,515	43	(4,316)	(4,273)
Share of results of an associate	28,460	—	28,460	25,640	—	25,640
Pre-opening expenses	—	—	—	10,202	—	10,202
Interest income	(16,030)	(504)	(16,534)	(23,031)	(147)	(23,178)
Reversal of write down of inventories to net realisable value	(1,436)	—	(1,436)	—	—	—
Fair value gain/(loss) on change in fair value of financial assets at FVTPL	3,667	—	3,667	(629)	—	(629)
Compensation income	(97)	—	(97)	(16)	—	(16)
Income tax (credit)/expenses	(5,450)	78,320	72,870	(6,118)	97,763	91,645
Adjusted EBITDA	<u>(282,019)</u>	<u>(18,256)</u>	<u>(300,275)</u>	<u>(413,717)</u>	<u>(15,589)</u>	<u>(429,306)</u>

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

	2021			2020		
	The Group excluding Savan Legend	Savan Legend	Consolidated	The Group excluding Savan Legend	Savan Legend	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gaming services	(47,595)	7,444	(40,151)	(144,924)	25,231	(119,693)
Non-gaming operations	(195,305)	(25,700)	(221,005)	(203,528)	(40,820)	(244,348)
Sub-total	(242,900)	(18,256)	(261,156)	(348,452)	(15,589)	(364,041)
Unallocated corporate expenses <sup>(1)</sup>	(39,119)	—	(39,119)	(65,265)	—	(65,265)
Adjusted EBITDA	(282,019)	(18,256)	(300,275)	(413,717)	(15,589)	(429,306)

*Remarks:*

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

Adjusted EBITDA from operations of the Group excluding Savan Legend and unallocated corporate expenses, mainly arising from the operations at MFW Group, for the year ended 31 December 2021 improved by approximately 31.8% to a loss of approximately HK\$282.0 million when compared to the last corresponding year. Adjusted EBITDA of Savan Legend decreased by approximately 1.7% to a loss of approximately HK\$18.3 million for the year ended 31 December 2021 when compared to the last corresponding year.

The Group's loss for the year ended 31 December 2021 was approximately HK\$1,190.4 million, when compared to the loss of approximately HK\$1,955.1 million in the last corresponding year. Results of both years are significantly affected was mainly due to 1) the social distancing measures and travel restrictions imposed by government authorities in response to the COVID-19 pandemic which have severely declined the tally of visitor arrivals to Macau and Laos in 2021; and 2) the impairment losses recognised for the overseas projects located in Cape Verde due to the adverse changes in economic situation under COVID-19 pandemic. The Group has been closely monitoring the impact of COVID-19 pandemic on its operations. The Group has undertaken various mitigating measures to manage the current environment, including active measures to control its operating costs and expenses.

*Dividend*

The Board does not declare any final dividend for the year ended 31 December 2021 (2020: nil).

### *C. Special Committee and limited review*

With reference to the Group's announcement dated 30 January 2022 and 31 March 2022, the Special Committee appointed a reputable international accounting firm as an independent consultant on 5 March 2022 to conduct a specific and limited review. The Group's auditor also performed extended audit procedures (including but not limited to discussion with selected individuals, determination of Mr Chan Weng Lin's involvement in the Group's decision-making process and analysis of financial information and transaction testing on areas deemed necessary) for the audit for the year ended 31 December 2021. With reference to the Group's announcement dated on 20 May 2022, the independent consultant did not note any irregularity. The Group's auditor accepted the limited review report to obtain sufficient and appropriate audit evidence to allow it to form its audit opinion.

### **Outlook**

With the recent winding down of the Macau gaming intermediary operators and their related businesses, there has been a significant shift from the VIP segment to the mass market segment, a strategic positioning that Hong Hock has long been focused on.

The existing concession contract entered into between the Macau Government and SJM (pursuant to which Landmark Casino, Babylon Casino and Legend Palace Casino are permitted to operate) expired on 26 June 2022, has been extended to 31 December 2022 in accordance with the applicable laws of Macau. In view of this, on 16 June 2022, Hong Hock entered into (i) the Agreement for Provision of Services and Licensing for Occupation of Use of Spaces with respect to Babylon Casino; and Legend Palace Casino; and (ii) the Agreement for Provision of Services and Licensing for Occupation of Use of Spaces with respect to Landmark Casino, with SJM.

If circumstances permit, the Company will explore various options to continue the provision of management or any other forms of services related to the gaming operation at Babylon Casino and Legend Palace Casino after 31 December 2022 to the extent permitted by relevant laws and regulation of Macau and will maintain close contact with SJM in this regard.

The Macau Government has recently proposed a bill to amend the existing gaming law in January 2022 (the "**Draft Bill**"), which, if adopted and promulgated, will have a significant impact on the operation of satellite casinos. As a casino service provider, the operations of Hong Hock will be affected by the enactment of the Draft Bill. Further details of the Draft Bill and the relevant provisions are to be confirmed in order to assess the impact of the Draft Bill on Hong Hock's operations. Nevertheless, over the past few decades, Macau's satellite casinos (including ours) have undoubtedly made a significant contribution to the development of Macau's economy and the creation of employment opportunities. As a provider of casino management services focused on mass market customers and satellite casinos, Hong Hock has a strong reputation and is well established in the gaming industry,

proving that its casinos outperform some of the other satellite casinos. Hong Hock is committed to continuing to provide effective casino management services and will continue to focus on developing and identifying partnership opportunities, as well as contributing to the gaming industry in Macau within the constraints of the new law.

Given the outbreak of COVID-19 pandemic, the epidemic has hit Macau economy hard since 2020. Thankfully, continuing strong support has been seen from local customer base and increasing growth of Mainland China visitors. MFW's gaming business performed better than the overall market. The Group's reported gaming revenue in Macau increased approximately 74.1% compared to last year, while the overall gross gaming revenue in Macau increased approximately 43.7% according to figures published by The Gaming Inspection and Coordination Bureau.

Despite the adverse influence under COVID-19 pandemic, the Group has been improving the existing operations in 2021. In Macau, the Group has focused on upgrading dining and entertainment offerings at MFW.

Thakhek Club in Thakhek, Lao PDR (with 130 electronic gaming machines) and the hotel and casino at Savan Legend Resorts, Savannakhet will resume gradually when the Thai/Laos border is reopened.

Looking ahead to second half of 2022, with increasing popularity of vaccines and gradual relaxation of travel restrictions by different governments in recent months, the Group expects that the number of visitors coming to Macau will be increasing steadily in second half of this year. The Group shall remain optimistic and well-equipped to seize opportunities for recovery when the tourism industry rebounds.

### **Liquidity and Capital Resources**

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

As at 31 December 2021, the consolidated net assets attributable to owners of the Company amounted to approximately HK\$4,314.9 million, representing a decrease of approximately HK\$1,206.3 million from approximately HK\$5,521.2 million as at 31 December 2020. The decrease in consolidated net assets during the year ended 31 December 2021 was mainly due to the Group's loss for the year of approximately HK\$1,190.4 million.

### ***Cash and bank balances***

As at 31 December 2021, cash and bank balances held by the Group amounted to approximately HK\$134.3 million (including pledged bank deposits of approximately HK\$1.7 million), which was denominated mainly in HK\$ and MOP. Given MOP are linked to HK\$, the Group considers the exposure to exchange rate risk is nominal for its cash and bank balances denominated in MOP.

### ***Borrowings***

As at 31 December 2021, the Group had outstanding (i) secured and guaranteed bank borrowings of approximately HK\$2,358.7 million, and (ii) unsecured, unguaranteed and interest bearing other borrowings of approximately HK\$50 million.

### ***Charge on the Group's Assets***

As at 31 December 2021, 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\$295.1 million (31 December 2020: approximately HK\$306.3 million), buildings with a total carrying amount of approximately HK\$4,010.1 million (31 December 2020: approximately HK\$4,148.7 million), right-of-use assets with a total carrying amount of approximately HK\$1,152.5 million (31 December 2020: approximately HK\$1,194.8 million), trade receivables of approximately HK\$148.8 million (31 December 2020: approximately HK\$99.5 million), bank deposits of approximately HK\$1.7 million (31 December 2020: approximately HK\$1.7 million) and rental deposits paid of approximately HK\$2.1 million (31 December 2020: HK\$2.1 million).

### ***Gearing***

The Group's net gearing ratio is expressed as a percentage of total borrowings (e.g. bank and other borrowings) minus cash (e.g. pledged bank deposits and cash and bank balances) over total equity. As at 31 December 2021, the Group's net gearing ratio was 52.7% (31 December 2020: 33.4%).

### **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 year ended 31 December 2021.

### **Employees and Remuneration Policies**

As at 31 December 2021, the Group had a total of approximately 3,603 (2020: 3,898) employees, including approximately 1,122 (2020: 1,193) gaming operation employees who were employed and paid by SJM but over whom the Group exercised oversight in accordance with the Service Agreement. The Group reimbursed SJM in full for the salaries and other benefits of these gaming operation employees.

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

## **CORPORATE GOVERNANCE**

### **Compliance with the Corporate Governance Code**

The Company believes that good corporate governance practices are very important for maintaining and promoting investor confidence and for the sustainable growth of the Group. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business. The Board is committed to strengthening the Group's corporate governance practices and ensuring transparency and accountability of the Company's operations. Throughout the year ended 31 December 2021, the Company has complied with the CG Code except for code provision A.2.1 of the CG Code (which has been renumbered as code provision C.2.1 of the CG Code with effect from 1 January 2022).

#### ***Code provision C.2.1***

Code provision A.2.1 of the CG Code (which has been renumbered as code provision C.2.1 of the CG Code with effect from 1 January 2022) stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

During the year ended 31 December 2021, Mr Chan Weng Lin and Mr David Chow were co-chairmen of the Board and responsible for the management of the Board and ensuring that all major and appropriate issues were discussed by the Board in a timely and constructive manner. Prior to the resignation of Mr Chan Weng Lin as an executive director, the co-chairman of the Board and the chief executive officer of the Company with effect from 31 January 2022, Mr Chan Weng Lin took care of the day-to-day management of the Group's business and implementation of the Group's policies, strategic plans and business goals formulated by the Board. Although Mr Chan Weng Lin was both a co-chairman of the Board and the chief executive officer of the Company, the powers had been shared between the co-chairmen and Mr David Chow would also exercise his power and authorities as a co-chairman in managing the affairs of the Board and the Company. 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 caliber individuals with sufficient number of Directors being non-executive Directors.

On 31 January 2022, Mr Chan Weng Lin resigned as an executive director, the co-chairman of the Board and the chief executive officer of the Company. On 1 March 2022, Mr Li Chu Kwan has been appointed as a chairman of the Board, who, together with Mr David Chow, serves as the co-chairman of the Company; and Ms Chan Mei Yi, Melinda has been appointed as the chief executive officer of the Company. The Board considered that such appointment would achieve a separation of duties for the chairman and chief executive and ensure a balance of power and authority, and hence strengthening the governance function and business development of the Group. As such, code provision C.2.1 of the CG Code has been complied with.

## **REVIEW OF ANNUAL RESULTS**

The Group's consolidated financial statements for the year ended 31 December 2021 have been reviewed by the Audit Committee of the Company, which currently comprises three independent non-executive Directors, namely Mr Lau Ngai Kee, Ricky, Mr Wang Hongxin and Mr Mak Ka Wing, Patrick and one non-executive Director, namely Ms Ho Chiulin, Laurinda.

## **SCOPE OF WORK OF MESSRS. ERNST & YOUNG**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this preliminary announcement have been agreed by the Company's auditor, Messrs. Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Messrs. Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Ernst & Young on the preliminary announcement.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 1 April 2022 pending publication of this 2021 Annual Results. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 29 June 2022.

## DEFINITIONS

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

“Adjusted EBITDA”	the Group’s adjusted earnings before interest income, finance costs, income taxes, depreciation, amortization and certain items
“ADR”	average daily room rate
“Board”	the board of Directors
“Cape Verde”	the Republic of Cabo Verde
“CG Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
“Company”	Macau Legend Development Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“COVID-19”	Coronavirus Disease 2019
“Directors”	the Directors of the Company
“Executive Directors”	the executive Directors of the Company
“FVTPL”	Fair value through profit and loss
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKASs”	Hong Kong Accounting Standards
“HKFRSs”	Hong Kong Financial Reporting Standards
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“Hong Hock”	Hong Hock Development Company Limited, a company incorporated in Macau and a subsidiary of the Company
“Lai Ieng Investment”	Lai Ieng Investment Company Limited (勵盈投資有限公司), a company incorporated in Macau and an associate of the Company

“Lao PDR”	the Lao People’s Democratic Republic
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“MFW”	Macau Fisherman’s Wharf operated by MFW Investment
“MFW Group”	MFW Investment and its subsidiaries
“MFW Investment”	Macau Fisherman’s Wharf International Investment Limited, a company incorporated in Macau and a subsidiary of the Company
“MFW Redevelopment”	the redevelopment of MFW
“MOP”	Macau Pataca, the lawful currency of Macau
“Mr Chan Weng Lin”	Mr Chan Weng Lin, a controlling shareholder (as defined in the Listing Rules) of the Company and the former co-chairman of the Board, the former executive Director and the former chief executive officer of the Company
“Mr David Chow”	Mr Chow Kam Fai, David, a co-chairman of the Board and a non-executive Director of the Company
“Mr Li Chu Kwan”	Mr Li Chu Kwan, a co-chairman of the Board and an executive Director of the Company
“Ms Chan Mei Yi, Melinda”	Ms Chan Mei Yi, Melinda, an executive Director and the chief executive officer of the Company, and the spouse of Mr David Chow
“New Legend”	New Legend VIP Club Limited, a company incorporated in Macau by Mr Yip Wing Fat, Frederick (being the sole shareholder and sole director of New Legend and the executive vice president and head of casino operations of the Company), and consolidated as a subsidiary of the Company under the VIE Structure
“PRC” or “China”	the People’s Republic of China
“REVPAR”	revenue per available room

“Savan Legend”	Savan Legend Resorts Sole Company Limited, a company incorporated in the Lao PDR and a wholly-owned subsidiary of the Company, which operates Savan Legend Resorts
“Savan Legend Casino”	a casino operated by Savan Legend inside Savan Legend Resorts
“Savan Legend Resorts”	Savan Legend Resorts Hotel and Entertainment Complex
“Service Agreement”	the service agreement dated 25 September 2006 and its related amendments entered into between Hong Hock and SJM, under which the Group provides gaming services to SJM in Legend Palace Casino, Babylon Casino and Landmark Casino
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“SJM”	SJM Resorts, S.A.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VIE Structure”	the structure established through the entering into of the exclusive management and consultancy services agreement, the exclusive undertaking to sell agreement, the transfer of profit and loan agreement, the share and equity pledge agreement and the power of attorney (further details of these agreements are set out in the Company’s circular dated 9 June 2014) which enables the Group to indirectly participate in the gaming promotion business operations in Macau through New Legend
“%”	per cent

By order of the Board  
**Macau Legend Development Limited**  
**Mr Chow Kam Fai, David**  
*Co-chairman and non-executive Director*

Hong Kong, 28 June 2022

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

\* for identification purposes only