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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)

**ANNOUNCEMENT ON SELECTED UNAUDITED KEY
PERFORMANCE INDICATORS FOR THE FIRST QUARTER
ENDED 31 MARCH 2016**

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules, and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board announces certain selected unaudited key performance indicators of the Group for the first quarter ended 31 March 2016 (“**Q1 2016**”) as follows:

FINANCIAL HIGHLIGHTS

- Total gross gaming revenue of gaming tables (excluding those outsourced VIP tables) decreased by approximately 2.9% to approximately HK\$396.6 million in Q1 2016 from approximately HK\$408.4 million in the corresponding period in 2015 (“**Q1 2015**”) including decrease of approximately 15.5% to approximately HK\$258.3 million from approximately HK\$305.8 million in respect of mass market tables at Pharaoh’s Palace Casino, which were offset by the increase of: (i) approximately 58.3% to approximately HK\$80.6 million from approximately HK\$50.9 million contributed by New Legend through the VIE Structure and (ii) approximately 11.5% to approximately HK\$57.6 million from approximately HK\$51.7 million in respect of mass market tables at Babylon Casino
- Total gross gaming revenue of outsourced VIP tables at Pharaoh’s Palace Casino decreased by approximately 87.3% to approximately HK\$92.3 million in Q1 2016 from approximately HK\$726.1 million in Q1 2015

- Total reported revenue decreased by approximately 3.7% to approximately HK\$350.6 million in Q1 2016 from approximately HK\$364.2 million in Q1 2015
 - Gaming revenue decreased by approximately 10.6% to approximately HK\$216.3 million in Q1 2016 from approximately HK\$242.1 million in Q1 2015
 - Non-gaming revenue increased by approximately 9.9% to approximately HK\$134.2 million in Q1 2016 from approximately HK\$122.1 million in Q1 2015
- Adjusted EBITDA decreased by approximately 52.2% to approximately HK\$35.8 million in Q1 2016 from approximately HK\$74.9 million in Q1 2015
 - Adjusted EBITDA from operations of the Group excluding MFW Group and unallocated corporate expenses, mainly arising from the operations at The Landmark Macau, decreased by approximately 61.5% to approximately HK\$43.8 million in Q1 2016 from approximately HK\$113.6 million in Q1 2015
 - Operations of MFW Group recorded an Adjusted EBITDA of approximately HK\$5.0 million in Q1 2016. Adjusted EBITDA from MFW Group was a loss of approximately HK\$24.2 million in Q1 2015

OPERATIONAL HIGHLIGHTS

- The Landmark Macau:
 - Occupancy rate increased to approximately 65.4% in Q1 2016 from approximately 63.8% in Q1 2015
 - Revenue per available room decreased by approximately 29.1% to approximately HK\$735.6 in Q1 2016 from approximately HK\$1,038.1 in Q1 2015
- Rocks Hotel:
 - Occupancy rate decreased to approximately 70.6% in Q1 2016 from approximately 73.7% in Q1 2015
 - Revenue per available room decreased by approximately 19.8% to approximately HK\$767.4 in Q1 2016 from approximately HK\$956.7 in Q1 2015
- Harbourview Hotel:
 - Occupancy rate increased to approximately 69.2% in Q1 2016 from approximately 42.3% in Q1 2015
 - Revenue per available room increased by approximately 18.5% to approximately HK\$603.8 in Q1 2016 from approximately HK\$509.4 in Q1 2015

CASH AND CASH EQUIVALENT AND BORROWINGS AS AT 31 MARCH 2016

- Cash and cash equivalent amounted to approximately HK\$2,676.1 million (including pledged bank deposits of approximately HK\$21.1 million) as at 31 March 2016
- Secured bank borrowings amounted to approximately HK\$3,879.9 million and unsecured other borrowings amounted to approximately HK\$72.5 million as at 31 March 2016

REVENUE

For Q1 2016, the Group recorded total reported revenue of approximately HK\$350.6 million, representing a decrease of approximately HK\$13.6 million or approximately 3.7% over that of Q1 2015. A breakdown of the Group's revenue for the periods indicated is as follows:

	First quarter ended 31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gaming services:		
Pharaoh's Palace Casino		
— Mass market tables	142,083	168,187
— VIP tables		
— New Legend	25,009	28,152
— Outsourced	485	14,522
— Slot machines	2,100	2,100
	169,677	212,961
Babylon Casino		
— Mass market tables	31,700	28,385
— VIP tables		
— New Legend	14,814	734
— Slot machines	157	—
	46,671	29,119
Sub-total for gaming services	216,348	242,080
Non-gaming operations:		
The Landmark Macau	50,805	63,459
MFW	83,437	58,647
Sub-total for non-gaming operations	134,242	122,106
Total reported revenue	350,590	364,186

Gaming revenue of the Group for Q1 2016 decreased by approximately 10.6% to approximately HK\$216.3 million, and non-gaming revenue of the Group for Q1 2016 increased by approximately 9.9% to approximately HK\$134.2 million, respectively, when compared to those of Q1 2015.

ADJUSTED EBITDA

Adjusted EBITDA of the Group for Q1 2016 was approximately HK\$35.8 million, representing a decrease of approximately HK\$39.1 million or approximately 52.2% over that of Q1 2015. An analysis of Adjusted EBITDA by segments (after elimination of inter-segment results) for the periods indicated is as follows:

	First quarter ended 31 March					
	2016			2015		
	The Group excluding MFW Group HK\$'000	MFW Group HK\$'000	Consolidated HK\$'000	The Group excluding MFW Group HK\$'000	MFW Group HK\$'000	Consolidated HK\$'000
Gaming services	50,971	1,467	52,438	113,965	(12,536)	101,429
Non-gaming operations	<u>(7,195)</u>	<u>3,508</u>	<u>(3,687)</u>	<u>(345)</u>	<u>(11,616)</u>	<u>(11,961)</u>
Sub-total	43,776	4,975	48,751	113,620	(24,152)	89,468
Unallocated corporate expenses	<u>(12,949)</u>	<u>—</u>	<u>(12,949)</u>	<u>(14,536)</u>	<u>—</u>	<u>(14,536)</u>
Adjusted EBITDA	<u><u>30,827</u></u>	<u><u>4,975</u></u>	<u><u>35,802</u></u>	<u><u>99,084</u></u>	<u><u>(24,152)</u></u>	<u><u>74,932</u></u>

Adjusted EBITDA from operations of the Group excluding MFW Group and unallocated corporate expenses, mainly arising from the operations at The Landmark Macau, decreased by approximately 61.5% to approximately HK\$43.8 million in Q1 2016 from approximately HK\$113.6 million in Q1 2015. Operations of MFW Group recorded an Adjusted EBITDA of approximately HK\$5.0 million in Q1 2016. Adjusted EBITDA from MFW Group was a loss of approximately HK\$24.2 million in Q1 2015.

SELECTED KEY OPERATIONAL DATA

Gaming services

The following table sets forth certain key operational data in respect of the gaming services of the Group for the periods indicated:

	First quarter ended	
	31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Pharaoh's Palace Casino:		
Mass market tables		
Games drop	1,123,303	1,324,315
Net win	258,333	305,794
Hold rate	23.00%	23.09%
Average number of tables	60	60
Net win per table per day	47	57
Self-run VIP tables (New Legend)		
Games turnover	1,828,864	1,397,284
Net win	54,593	49,630
Win percentage	2.99%	3.55%
Average number of tables	8	7
Net win per table per day	75	79
Outsourced VIP tables		
Games turnover	6,141,000	21,145,734
Net win	92,347	726,132
Win percentage	1.50%	3.43%
Average number of tables	15	40
Net win per table per day	68	202
Babylon Casino:		
Mass market tables		
Games drop	354,204	335,714
Net win	57,636	51,710
Hold rate	16.27%	15.40%
Average number of tables	33	24
Net win per table per day	19	24
Self-run VIP tables (New Legend)		
Games turnover	298,553	175,205
Net win	26,043	1,319
Win percentage	8.72%	0.75%
Average number of tables	12	9
Net win per table per day	24	2

As at 31 March 2016 and 31 March 2015, the Group had the following number of gaming tables in its two casinos which were put into operation:

	As at 31 March					
	2016			2015		
	Pharaoh's Palace Casino	Babylon Casino	Total	Pharaoh's Palace Casino	Babylon Casino	Total
Mass market tables	60	34	94	60	27	87
VIP tables	<u>24</u>	<u>12</u>	<u>36</u>	<u>39</u>	<u>12</u>	<u>51</u>
Total gaming tables in operation	<u><u>84</u></u>	<u><u>46</u></u>	<u><u>130</u></u>	<u><u>99</u></u>	<u><u>39</u></u>	<u><u>138</u></u>

As at 31 March 2016, the Group had a total of 179 gaming tables (31 March 2015: 185), of which 130 (31 March 2015: 138) were put into operation.

Hotel operations

The following table sets forth certain key operational data in respect of hotel operations of the Group for the periods indicated:

	First quarter ended	
	31 March	
	2016	2015
The Landmark Macau		
Occupancy rate (%)	65.4	63.8
Average daily room rate (HK\$)	1,124.7	1,627.1
Revenue per available room (HK\$)	735.6	1,038.1
Rocks Hotel		
Occupancy rate (%)	70.6	73.7
Average daily room rate (HK\$)	1,086.9	1,298.1
Revenue per available room (HK\$)	767.4	956.7
Harbourview Hotel		
Occupancy rate (%)	69.2	42.3
Average daily room rate (HK\$)	872.6	1,204.3
Revenue per available room (HK\$)	603.8	509.4

CASH AND CASH EQUIVALENT AND BORROWINGS

As at 31 March 2016, cash and cash equivalent held by the Group amounted to approximately HK\$2,676.1 million (including pledged bank deposits of approximately HK\$21.1 million). As at 31 March 2016, the Group's secured bank borrowings and unsecured other borrowings amounted to approximately HK\$3,879.9 million and HK\$72.5 million, respectively.

CORPORATE AND BUSINESS UPDATES

During Q1 2016 and up to the date of this announcement, the Group had the following major corporate and business updates:

(i) Project Cape Verde

On 8 February 2016, the Company held a ground breaking ceremony for Project Cape Verde on site with the honorary attendance of the Prime Minister of Cape Verde and over 300 representatives and guests from Macau, China and Cape Verde. President of Cape Verde also met the senior management team of the Company in Cape Verde and reaffirmed the country's support to develop Project Cape Verde into an integrated leisure, tourism and entertainment complex.

(ii) Proposed disposal of The Landmark Macau

On 23 March 2016, the Company entered into a letter of intent with a connected person (as defined under the Listing Rules) of the Company, pursuant to which, subject to the entering into of a definitive investment agreement within 6 months from the date of the signing of the letter of intent or any later period to be agreed by the parties concerned in writing, the Group will dispose of The Landmark Macau to a company invested by the connected person at a consideration to be agreed between the parties with reference to the valuation report to be issued by an independent professional valuer to be appointed by the Company with valuation date of three months or less before the date of the definitive investment agreement. In addition, according to the letter of intent, the Group, on terms and conditions acceptable to the parties, may provide management services for The Landmark Macau. Other than the provisions relating to exclusivity, confidentiality, expenses and governing law, the letter of intent is not legally binding in respect of the proposed disposal. Further details of the proposed disposal are set out in the Company's announcement dated 23 March 2016.

(iii) Investment project in the Lao PDR

On 13 May 2016, the Company entered into the project development agreement (the "PDA") with the Government of the Lao PDR, pursuant to which, subject to its terms and conditions and among other things, the Government of the Lao PDR agreed to (i) procure the existing operator (which is a company wholly-owned by the Ministry of Finance of the Lao PDR) to sell, and the Company agreed to purchase, the Savan Vegas Hotel and Entertainment Complex ("Savan Vegas") at the consideration of US\$42.0 million (equivalent to approximately HK\$325.9 million), and (ii) approve the issuance to the Company's project company to be formed of a concession certificate

upon closing authorising the Company’s project company to engage in concession activities including gaming activities and hotel and hospitality service during the term. The PDA shall have an initial term of 50 years and may be extended for an additional period not exceeding 49 years subject to the applicable laws of the Lao PDR and fulfillment of obligations of the Company’s project company during the initial term. Savan Vegas is a full-service casino, hotel and resort located in Nongdeune Village, Kaisonphomvihanh District, Savannakhet Province of the Lao PDR. In addition to Savan Vegas, the Company is interested in developing an integrated resort at an area in the Savan Seno Special Economic Zone of Savannakhet Province of the Lao PDR. The Government of the Lao PDR and the Company are in preliminary discussions on the potential development of this site. Further details of the investment project in the Lao PDR are set out in the Company’s announcement dated 13 May 2016.

CAUTION STATEMENT

Shareholders of the Company and potential investors should be advised that the selected key performance indicators and other updates as disclosed above relate only to certain parts of the Group’s operations and are based on the Group’s internal records and management accounts. The related financial data has not been reviewed or audited by the Company’s audit committee or independent auditors. Accordingly, the Board cautions shareholders of the Company and potential investors not to rely unduly on such data or information and to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Adjusted EBITDA”	the Group’s earnings before interest income, finance costs, income taxes, depreciation, release of prepaid lease payments, amortisation, gain/loss on disposal of property and equipment, exchange gain/loss arising from non-operating activities, share-based payments, pre-opening expenses and one-off costs incurred or associated with corporate exercises, where applicable
“Board”	the board of Directors
“Cape Verde”	the Republic of Cabo Verde
“Company”	Macau Legend Development Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Lao PDR”	the Lao People’s Democratic Republic
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MFW”	Macau Fisherman’s Wharf operated by Macau Fisherman’s Wharf International Investment Limited, a company incorporated in Macau and a subsidiary of the Company
“MFW Group”	Macau Fisherman’s Wharf International Investment Limited and its subsidiaries
“New Legend”	New Legend VIP Club Limited, a company incorporated in Macau by 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), and consolidated as a subsidiary of the Company under the VIE Structure
“Project Cape Verde”	the project of developing an integrated leisure, tourism and entertainment complex in Praia, the capital city of Cape Verde
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“The Landmark Macau”	the hotel, dining, conference and casino complex, and the car parks, located at 549–567 Avenida da Amizade, Macau
“US\$”	United States dollars, the lawful currency of the United States of America
“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

For the purpose of this announcement, the exchange rate of US\$1.00 = HK\$7.76 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rate or any other rate or at all on the date or dates in question or any other date.

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

Hong Kong, 17 May 2016

As at the date of this announcement, the executive Directors are Chow Kam Fai, David, Lam Fong Ngo and Sheldon Trainor-DeGirolamo; the non-executive Director is Tong Ka Wing, Carl; and the independent non-executive Directors are Fong Chung, Mark, Xie Min and Tam Wai Chu, Maria.

* *For identification purposes only*