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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 THIRD QUARTER/NINE
MONTHS ENDED 30 SEPTEMBER 2015**

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 third quarter ended 30 September 2015 (“**Q3 2015**”) and the nine months ended 30 September 2015 (“**YTD 2015**”) as follows:

FINANCIAL HIGHLIGHTS

Third Quarter 2015

- Total gross gaming revenue of gaming tables decreased by approximately 59.1% to approximately HK\$665.1 million in Q3 2015 from approximately HK\$1,624.2 million in the corresponding period in 2014 (“**Q3 2014**”) including decreases of: (i) approximately 41.5% to approximately HK\$245.7 million from approximately HK\$419.8 million in respect of mass market tables at Pharaoh’s Palace Casino; (ii) approximately 75.5% to approximately HK\$264.5 million from approximately HK\$1,080.0 million in respect of outsourced VIP tables at Pharaoh’s Palace Casino; and (iii) approximately 8.9% to approximately HK\$61.5 million from approximately HK\$67.5 million in respect of mass market tables at Babylon Casino, which was offset by the increase in the gross gaming revenue contributed by New Legend of approximately 64.0% to approximately HK\$93.3 million from approximately HK\$56.9 million through the VIE Structure
- Total reported revenue decreased by approximately 18.0% to approximately HK\$370.5 million in Q3 2015 from approximately HK\$452.0 million in Q3 2014

- Gaming revenue decreased by approximately 29.1% to approximately HK\$229.6 million in Q3 2015 from approximately HK\$323.9 million in Q3 2014
- Non-gaming revenue increased by approximately 10.0% to approximately HK\$140.9 million in Q3 2015 from approximately HK\$128.1 million in Q3 2014
- Adjusted EBITDA decreased by approximately 55.0% to approximately HK\$74.6 million in Q3 2015 from approximately HK\$165.7 million in Q3 2014 excluding the Pre-consolidation Profit of New Legend
 - Adjusted EBITDA from gaming services decreased by approximately 49.6% to approximately HK\$94.0 million in Q3 2015 from approximately HK\$186.6 million in Q3 2014 excluding the Pre-consolidation Profit of New Legend
 - 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 50.2% to approximately HK\$93.2 million in Q3 2015 from approximately HK\$187.1 million in Q3 2014 excluding the Pre-consolidation Profit of New Legend

Nine Months Ended 30 September 2015

- Total gross gaming revenue of gaming tables decreased by approximately 61.2% to approximately HK\$2,544.2 million in YTD 2015 from approximately HK\$6,551.9 million in the corresponding period in 2014 (“**YTD 2014**”) including decreases of: (i) approximately 39.4% to approximately HK\$808.1 million from approximately HK\$1,332.9 million in respect of mass market tables at Pharaoh’s Palace Casino; (ii) approximately 72.3% to approximately HK\$1,378.2 million from approximately HK\$4,967.3 million in respect of outsourced VIP tables at Pharaoh’s Palace Casino; and (iii) approximately 20.4% to approximately HK\$154.9 million from approximately HK\$194.8 million in respect of mass market tables at Babylon Casino, which was offset by the increase in the gross gaming revenue contributed by New Legend of approximately 256.8% to approximately HK\$203.0 million from approximately HK\$56.9 million through the VIE Structure
- Total reported revenue decreased by approximately 22.0% to approximately HK\$1,068.7 million in YTD 2015 from approximately HK\$1,369.5 million in YTD 2014
 - Gaming revenue decreased by approximately 30.6% to approximately HK\$679.5 million in YTD 2015 from approximately HK\$978.9 million in YTD 2014
 - Non-gaming revenue decreased by approximately 0.4% to approximately HK\$389.2 million in YTD 2015 from approximately HK\$390.7 million in YTD 2014

- Adjusted EBITDA decreased by approximately 66.1% to approximately HK\$203.1 million in YTD 2015 from approximately HK\$599.2 million in YTD 2014 excluding the Pre-consolidation Profit of New Legend
 - Adjusted EBITDA from gaming services decreased by approximately 56.6% to approximately HK\$276.6 million in YTD 2015 from approximately HK\$637.1 million in YTD 2014 excluding the Pre-consolidation Profit of New Legend
 - 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 56.0% to approximately HK\$289.8 million in YTD 2015 from approximately HK\$658.9 million in YTD 2014 excluding the Pre-consolidation Profit of New Legend

OPERATIONAL HIGHLIGHTS

- The Landmark Macau:
 - Occupancy rate decreased to approximately 68.0% in Q3 2015 from approximately 77.5% in Q3 2014 (decreased to approximately 65.7% in YTD 2015 from approximately 86.7% in YTD 2014)
 - Revenue per available room decreased by approximately 36.9% to approximately HK\$790.2 in Q3 2015 from approximately HK\$1,252.3 in Q3 2014 (decreased by approximately 33.7% to approximately HK\$861.3 in YTD 2015 from approximately HK\$1,298.8 in YTD 2014)
- Rocks Hotel:
 - Occupancy rate decreased to approximately 79.9% in Q3 2015 from approximately 87.1% in Q3 2014 (decreased to approximately 78.6% in YTD 2015 from approximately 85.2% in YTD 2014)
 - Revenue per available room decreased by approximately 27.9% to approximately HK\$868.4 in Q3 2015 from approximately HK\$1,204.0 in Q3 2014 (decreased by approximately 27.4% to approximately HK\$892.6 in YTD 2015 from approximately HK\$1,229.9 in YTD 2014)
- Harbourview Hotel (opened on 2 February 2015):
 - Occupancy rate was approximately 73.1% in Q3 2015 and approximately 63.3% in YTD 2015
 - Revenue per available room was approximately HK\$638.2 in Q3 2015 and approximately HK\$588.6 in YTD 2015

CASH AND CASH EQUIVALENT AND BORROWINGS AS AT 30 SEPTEMBER 2015

- Cash and cash equivalent amounted to approximately HK\$3,701.2 million (including pledged bank deposits of approximately HK\$23.1 million) as at 30 September 2015
- Secured bank borrowings amounted to approximately HK\$4,069.2 million and unsecured other borrowings amounted to approximately HK\$104.0 million as at 30 September 2015

REVENUE

For Q3 2015, the Group recorded total reported revenue of approximately HK\$370.5 million, representing a decrease of approximately HK\$81.6 million or approximately 18.0% over that of Q3 2014. A breakdown of the Group's revenue for the periods indicated is as follows:

	Third quarter ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gaming services:				
Pharaoh's Palace Casino				
— Mass market tables	135,153	230,884	444,460	733,111
— VIP tables				
— Self-run (New Legend)	43,892	32,219	93,423	32,219
— Outsourced	5,520	21,601	28,344	99,346
— Slot machines	2,100	2,100	6,300	6,371
	186,665	286,804	572,527	871,047
Babylon Casino				
— Mass market tables	33,816	37,114	85,210	107,112
— VIP tables				
— Self-run (New Legend)	9,095	—	21,742	—
— Slot machines	40	—	69	695
	42,951	37,114	107,021	107,807
Sub-total for gaming services	229,616	323,918	679,548	978,854

	Third quarter ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-gaming operations:				
The Landmark Macau	53,176	77,731	169,134	244,395
Macau Fisherman's Wharf	<u>87,678</u>	<u>50,375</u>	<u>220,017</u>	<u>146,268</u>
Sub-total for non-gaming operations	<u>140,854</u>	<u>128,106</u>	<u>389,151</u>	<u>390,663</u>
Total reported revenue	<u>370,470</u>	<u>452,024</u>	<u>1,068,699</u>	<u>1,369,517</u>

Gaming revenue of the Group for Q3 2015 decreased by approximately 29.1% to approximately HK\$229.6 million, and non-gaming revenue of the Group for Q3 2015 increased by approximately 10.0% to approximately HK\$140.9 million, respectively, when compared to those of Q3 2014.

ADJUSTED EBITDA

Adjusted EBITDA of the Group for Q3 2015 was approximately HK\$74.6 million, representing a decrease of approximately HK\$91.1 million or approximately 55.0% over that of Q3 2014 excluding the Pre-consolidation Profit of New Legend. An analysis of Adjusted EBITDA by segments (after elimination of inter-segment results) for the periods indicated is as follows:

	Third quarter ended 30 September					
	2015			2014		
	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
— For the period	98,080	(4,071)	94,009	176,896	9,732	186,628
— Pre-consolidation Profit of New Legend (<i>remark</i>)	—	—	—	81,699	—	81,699
Gaming services	98,080	(4,071)	94,009	258,595	9,732	268,327
Non-gaming operations	<u>(4,895)</u>	<u>3,032</u>	<u>(1,863)</u>	<u>10,196</u>	<u>(15,851)</u>	<u>(5,655)</u>
Sub-total	93,185	(1,039)	92,146	268,791	(6,119)	262,672
Unallocated corporate expenses	<u>(17,505)</u>	<u>—</u>	<u>(17,505)</u>	<u>(15,264)</u>	<u>—</u>	<u>(15,264)</u>
Adjusted EBITDA	<u>75,680</u>	<u>(1,039)</u>	<u>74,641</u>	<u>253,527</u>	<u>(6,119)</u>	<u>247,408</u>

Nine months ended 30 September

	2015			2014		
	The Group excluding MFW Group <i>HK\$'000</i>	MFW Group <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>	The Group excluding MFW Group <i>HK\$'000</i>	MFW Group <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
— For the period	306,210	(29,651)	276,559	620,762	16,317	637,079
— Pre-consolidation Profit of New Legend (<i>remark</i>)	—	—	—	81,699	—	81,699
Gaming services	306,210	(29,651)	276,559	702,461	16,317	718,778
Non-gaming operations	(16,391)	(17,637)	(34,028)	38,178	(28,241)	9,937
Sub-total	289,819	(47,288)	242,531	740,639	(11,924)	728,715
Unallocated corporate expenses	(39,479)	—	(39,479)	(47,788)	—	(47,788)
Adjusted EBITDA	<u>250,340</u>	<u>(47,288)</u>	<u>203,052</u>	<u>692,851</u>	<u>(11,924)</u>	<u>680,927</u>

Adjusted EBITDA from gaming services decreased by approximately 49.6% to approximately HK\$94.0 million in Q3 2015 from approximately HK\$186.6 million in Q3 2014 excluding the Pre-consolidation Profit of New Legend. 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 50.2% to approximately HK\$93.2 million in Q3 2015 from approximately HK\$187.1 million in Q3 2014 excluding the Pre-consolidation Profit of New Legend.

Remark: Pursuant to the transfer of profit and loan agreement, one of the agreements for the VIE Structure, New Legend agreed to, among others, transfer to Hong Hock Development Company Limited, a subsidiary of the Company, all profits accrued by New Legend for the period from its commencement of business until the establishment of the VIE Structure (the “Pre-consolidation Period”). The VIE Structure was established on 3 July 2014 and the Group has since then consolidated the results of New Legend. New Legend recorded a net profit of approximately HK\$81.7 million in the Pre-consolidation Period which was transferred to the Group and was recognised as profit (and Adjusted EBITDA) of the gaming services of the Group in Q3 2014.

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:

	Third quarter ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Pharaoh's Palace Casino:				
Mass market tables				
Games drop	1,192,167	1,505,265	3,574,224	4,374,985
Net win	245,733	419,792	808,109	1,332,930
Hold rate	20.61%	27.89%	22.61%	30.47%
Average number of tables	60	56	60	58
Net win per table per day	45	81	49	84
Self-run VIP tables (New Legend)				
Games turnover	1,534,732	2,051,352	4,304,274	2,051,352
Net win	77,271	56,890	164,655	56,890
Win percentage	5.03%	2.77%	3.83%	2.77%
Average number of tables	8	6	7	6
Net win per table per day	105	103	86	103
Outsourced VIP tables				
Games turnover	8,953,309	32,687,323	41,615,543	159,584,658
Net win	264,538	1,080,043	1,378,199	4,967,311
Win percentage	2.95%	3.30%	3.31%	3.11%
Average number of tables	28	61	38	59
Net win per table per day	103	192	133	308
Babylon Casino:				
Mass market tables				
Games drop	378,603	342,213	1,088,325	1,023,380
Net win	61,484	67,480	154,927	194,750
Hold rate	16.24%	19.72%	14.24%	19.03%
Average number of tables	32	19	27	21
Net win per table per day	21	39	21	34

	Third quarter ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Self-run VIP tables (New Legend)				
Games turnover	445,487	—	929,814	—
Net win	16,033	—	38,307	—
Win percentage	3.60%	—	4.12%	—
Average number of tables	12	—	9	—
Net win per table per day	15	—	16	—

As at 30 September 2015 and 30 September 2014, the Group had the following number of gaming tables in its two casinos which were in operation:

	As at 30 September					
	2015			2014		
	Pharaoh's Palace Casino	Babylon Casino	Total	Pharaoh's Palace Casino	Babylon Casino	Total
Mass market tables	60	33	93	56	19	75
VIP tables	<u>34</u>	<u>12</u>	<u>46</u>	<u>63</u>	<u>—</u>	<u>63</u>
Total gaming tables in operation	<u>94</u>	<u>45</u>	<u>139</u>	<u>119</u>	<u>19</u>	<u>138</u>

As at 30 September 2015, the Group had a total of 185 gaming tables (30 September 2014: 150).

Hotel operations

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

	Third quarter ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
The Landmark Macau				
Occupancy rate (%)	68.0	77.5	65.7	86.7
Average daily room rate (HK\$)	1,162.0	1,615.9	1,310.9	1,498.1
Revenue per available room (HK\$)	790.2	1,252.3	861.3	1,298.8
Rocks Hotel				
Occupancy rate (%)	79.9	87.1	78.6	85.2
Average daily room rate (HK\$)	1,086.9	1,382.3	1,135.6	1,443.6
Revenue per available room (HK\$)	868.4	1,204.0	892.6	1,229.9
Harbourview Hotel				
(opened on 2 February 2015)				
Occupancy rate (%)	73.1	—	63.3	—
Average daily room rate (HK\$)	873.0	—	929.9	—
Revenue per available room (HK\$)	638.2	—	588.6	—

CASH AND CASH EQUIVALENT AND BORROWINGS

As at 30 September 2015, cash and cash equivalent held by the Group amounted to approximately HK\$3,701.2 million (including pledged bank deposits of approximately HK\$23.1 million). As at 30 September 2015, the Group's secured bank borrowings and unsecured other borrowings amounted to approximately HK\$4,069.2 million and HK\$104.0 million, respectively.

USE OF PROCEEDS FROM THE GLOBAL OFFERING AND PLACING

On 5 July 2013, the Group raised net proceeds of approximately HK\$2,056.5 million from the global offering and the listing of the Shares on the Main Board of the Stock Exchange. Up to the date of this announcement, the Group had applied approximately HK\$1,504.0 million (31 December 2014: approximately HK\$1,257.4 million), approximately HK\$199.7 million (31 December 2014: approximately HK\$199.7 million) and approximately HK\$97.5 million (31 December 2014: approximately HK\$97.5 million) of the net proceeds for the MFW Redevelopment, renovation of The Landmark Macau and settlement of an amount in respect of purchase of an aircraft, respectively, which are in compliance with the intended use of proceeds as set out in the supplemental prospectus of the Company dated 26 June 2013 and the announcement made by the Company on 4 July 2013.

On 16 January 2014, the Group completed a top-up placement of 188,000,000 new Shares and raised net proceeds of approximately HK\$1,350.8 million. The Group intends to apply such net proceeds for financing the MFW Redevelopment and as the Group's general working capital. Up to the date of this announcement, the Group had applied approximately HK\$504.5 million (31 December 2014: approximately HK\$79.8 million) of the net proceeds for financing the MFW Redevelopment.

As at the date of this announcement, in order to enhance better yield from the portion of the proceeds raised from the global offering and the top-up placement which were not expected to be utilized in the near term, the Group had placed approximately HK\$255.3 million (31 December 2014: approximately HK\$501.9 million) of the proceeds raised from the global offering, and approximately HK\$846.3 million (31 December 2014: approximately HK\$1,271.0 million) of the proceeds raised from the top-up placement at banks in Macau as fixed deposits.

CORPORATE AND BUSINESS UPDATES

During Q3 2015 and up to the date of this announcement, the Group had the following major corporate and business updates:

(i) Investment project in Cape Verde

On 22 July 2015, the Company entered into agreements with the Government of Cape Verde to develop a world-class integrated leisure, tourism and entertainment complex in Praia, the capital city of Cape Verde on Santiago Island, with an investment amount of approximately €250 million (equivalent to approximately HK\$2,150 million) (the "**Project**"). Land concession for the Project is 75 years. The Group has been granted a 25 years gaming concession on Santiago Island (of which the first 15 years is on an exclusive basis). In addition, the Group has been granted an exclusive nationwide operation of online gaming, physical and online sports betting for a period of 10 years from the commencement of operation of the online gaming business by the Group in Cape Verde. Further details of the Project are set out in the Company's announcement dated 22 July 2015.

(ii) Commencement of construction of superstructure of Legend Palace Hotel

In July 2015, construction licence of superstructure of Legend Palace Hotel, the second new hotel at MFW, was issued by the relevant government authority, and construction work of superstructure has commenced with an expected construction completion in the second quarter of 2016.

(iii) Conversion of RMB into HK\$

In view of the recent volatility of the exchange rate of RMB, the Group resolved to convert its RMB deposits into HK\$, the functional currency of the Group, so as to minimise the Group's exposure to the RMB exchange rate risk. The Group has started to reduce its holding of RMB deposits since late 2014 and up to the date of this announcement, the Group converted all its RMB deposits into HK\$. During Q3 2015, the Group has recognised a net exchange loss of

approximately HK\$115.8 million as a result of the conversion of RMB into HK\$ in that period. Since such exchange loss was not arisen from operating activities of the Group, it has been excluded from the Group's Adjusted EBITDA in Q3 2015.

However, taking into account the cumulative interest income earned of approximately HK\$194.3 million and the net exchange loss recognised of approximately HK\$166.2 million from the Group's investment in RMB, the Group recognised a total net gain of approximately HK\$28.1 million over the whole period of holding the RMB deposits.

(iv) Restructuring of manpower

The Group has recently conducted a manpower review to evaluate the effectiveness and efficiency of its human resources. As a result of the review, a total of 132 employees (representing approximately 3.9% of the total number of employees of the Group as at 30 September 2015 (including those gaming operation employees employed by Sociedade de Jogos de Macau, S.A. but oversight by the Group)) retired between October and November 2015. Total amount of the monthly salary of the relevant employees was approximately HK\$2.2 million and total amount of one-off compensation of long service payment to these employees was approximately HK\$8.7 million.

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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“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
“Pre-consolidation Profit of New Legend”	the profit of approximately HK\$81.7 million accrued by New Legend for the period from its commencement of business until the establishment of the VIE Structure on 3 July 2014
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“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

“€” Euro, the lawful currency of the European Union

“%” per cent

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

Hong Kong, 11 November 2015

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*