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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 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 third quarter ended 30 September 2016 (“**Q3 2016**”) and the nine months ended 30 September 2016 (“**YTD 2016**”) as follows:

FINANCIAL HIGHLIGHTS

Third Quarter 2016

- Total gross gaming revenue of gaming tables decreased by approximately 13.5% to approximately HK\$575.3 million in Q3 2016 from approximately HK\$665.1 million in the corresponding period in 2015 (“**Q3 2015**”) including decreases of: (i) approximately 53.2% to approximately HK\$123.7 million from approximately HK\$264.5 million in respect of outsourced VIP tables at Pharaoh’s Palace Casino; and (ii) approximately 27.9% to approximately HK\$44.4 million from approximately HK\$61.5 million in respect of mass market tables at Babylon Casino, which was offset by increases of (i) approximately 5.7% to approximately HK\$259.8 million from approximately HK\$245.7 million in respect of mass market tables at Pharaoh’s Palace Casino; (ii) approximately 36.1% to approximately HK\$127.0 million from approximately HK\$93.3 million in respect of gross gaming revenue contributed by New Legend through the VIE Structure; and (iii) gross gaming revenue contributed by Savan Vegas Casino of approximately HK\$20.4 million
- Total reported revenue (including reported revenue contributed by Savan Legend of approximately HK\$25.3 million) increased by approximately 1.9% to approximately HK\$377.6 million in Q3 2016 from approximately HK\$370.5 million in Q3 2015

- Gaming revenue increased by approximately 12.0% to approximately HK\$257.1 million in Q3 2016 from approximately HK\$229.6 million in Q3 2015
- Non-gaming revenue decreased by approximately 14.5% to approximately HK\$120.4 million in Q3 2016 from approximately HK\$140.9 million in Q3 2015
- Adjusted EBITDA (including Adjusted EBITDA contributed by Savan Legend of approximately HK\$14.2 million) increased by approximately 1.2% to approximately HK\$75.5 million in Q3 2016 from approximately HK\$74.6 million in Q3 2015
 - Adjusted EBITDA from gaming services increased by approximately 19.9% to approximately HK\$112.7 million in Q3 2016 from approximately HK\$94.0 million in Q3 2015
 - Adjusted EBITDA from operations of the Group excluding MFW Group, Savan Legend and unallocated corporate expenses, mainly arising from the operations at The Landmark Macau, increased by approximately 9.4% to approximately HK\$101.9 million in Q3 2016 from approximately HK\$93.2 million in Q3 2015

Nine Months Ended 30 September 2016

- Total gross gaming revenue of gaming tables decreased by approximately 37.3% to approximately HK\$1,596.1 million in YTD 2016 from approximately HK\$2,544.2 million in the corresponding period in 2015 (“**YTD 2015**”) including decreases of: (i) approximately 8.1% to approximately HK\$742.4 million from approximately HK\$808.1 million in respect of mass market tables at Pharaoh’s Palace Casino; and (ii) approximately 72.2% to approximately HK\$383.4 million from approximately HK\$1,378.2 million in respect of outsourced VIP tables at Pharaoh’s Palace Casino, which was offset by the increases in gross gaming revenue contributed by (i) New Legend of approximately 45.3% to approximately HK\$294.9 million from approximately HK\$203.0 million through the VIE Structure; and (ii) gross gaming revenue contributed by Savan Vegas Casino of approximately HK\$20.4 million
- Total reported revenue (including reported revenue contributed by Savan Legend of approximately HK\$25.3 million) decreased by approximately 2.3% to approximately HK\$1,043.6 million in YTD 2016 from approximately HK\$1,068.7 million in YTD 2015
 - Gaming revenue decreased by approximately 0.4% to approximately HK\$676.6 million in YTD 2016 from approximately HK\$679.5 million in YTD 2015
 - Non-gaming revenue decreased by approximately 5.7% to approximately HK\$367.0 million in YTD 2016 from approximately HK\$389.2 million in YTD 2015
- Adjusted EBITDA (including Adjusted EBITDA contributed by Savan Legend of approximately HK\$14.2 million) decreased by approximately 39.8% to approximately HK\$122.1 million in YTD 2016 from approximately HK\$203.1 million in YTD 2015

- Adjusted EBITDA from gaming services decreased by approximately 22.5% to approximately HK\$214.2 million in YTD 2016 from approximately HK\$276.6 million in YTD 2015
- Adjusted EBITDA from operations of the Group excluding MFW Group, Savan Legend and unallocated corporate expenses, mainly arising from the operations at The Landmark Macau, decreased by approximately 32.8% to approximately HK\$194.7 million in YTD 2016 from approximately HK\$289.8 million in YTD 2015

OPERATIONAL HIGHLIGHTS

- The Landmark Macau:
 - Occupancy rate increased to approximately 87.2% in Q3 2016 from approximately 68.0% in Q3 2015 (increased to approximately 74.5% in YTD 2016 from approximately 65.7% in YTD 2015)
 - Revenue per available room increased by approximately 3.4% to approximately HK\$817.3 in Q3 2016 from approximately HK\$790.2 in Q3 2015 (decreased by approximately 13.5% to approximately HK\$744.8 in YTD 2016 from approximately HK\$861.3 in YTD 2015)
- Rocks Hotel:
 - Occupancy rate increased to approximately 83.5% in Q3 2016 from approximately 79.9% in Q3 2015 (decreased to approximately 74.9% in YTD 2016 from approximately 78.6% in YTD 2015)
 - Revenue per available room decreased by approximately 8.6% to approximately HK\$794.0 in Q3 2016 from approximately HK\$868.4 in Q3 2015 (decreased by approximately 16.6% to approximately HK\$744.3 in YTD 2016 from approximately HK\$892.6 in YTD 2015)
- Harbourview Hotel:
 - Occupancy rate increased to approximately 84.0% in Q3 2016 from approximately 73.1% in Q3 2015 (increased to approximately 74.5% in YTD 2016 from approximately 63.3% in YTD 2015)
 - Revenue per available room increased by approximately 3.6% to approximately HK\$661.2 in Q3 2016 from approximately HK\$638.2 in Q3 2015 (increased by approximately 1.4% to approximately HK\$596.7 in YTD 2016 from approximately HK\$588.6 in YTD 2015)

CASH AND CASH EQUIVALENT AND BORROWINGS AS AT 30 SEPTEMBER 2016

- Cash and cash equivalent amounted to approximately HK\$490.2 million (including pledged bank deposits of approximately HK\$21.1 million) as at 30 September 2016
- Secured bank borrowings amounted to approximately HK\$3,590.1 million and unsecured other borrowings amounted to approximately HK\$58.5 million as at 30 September 2016

REVENUE

For Q3 2016, the Group recorded total reported revenue of approximately HK\$377.6 million, representing an increase of approximately HK\$7.1 million or approximately 1.9% over that of Q3 2015. A breakdown of the Group's revenue for the periods indicated is as follows:

	Third quarter ended		Nine months ended	
	30 September		30 September	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gaming services:				
Pharaoh's Palace Casino				
— Mass market tables	142,900	135,153	408,308	444,460
— VIP tables				
— Self-run	50,090	43,892	101,994	93,423
— Outsourced	6,966	5,520	17,515	28,344
— Slot machines	2,118	2,100	6,318	6,300
	202,074	186,665	534,135	572,527
Babylon Casino				
— Mass market tables	24,396	33,816	85,223	85,210
— VIP tables				
— Self-run	8,000	9,095	34,254	21,742
— Slot machines	234	40	539	69
	32,630	42,951	120,016	107,021

	Third quarter ended		Nine months ended	
	30 September		30 September	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Savan Vegas Casino				
— Mass market tables	10,512	—	10,512	—
— VIP tables				
— Self-run	2,646	—	2,646	—
— Slot machines	9,273	—	9,273	—
	<u>22,431</u>	<u>—</u>	<u>22,431</u>	<u>—</u>
Sub-total for gaming services	<u>257,135</u>	<u>229,616</u>	<u>676,582</u>	<u>679,548</u>
Non-gaming operations:				
The Landmark Macau	53,459	53,176	151,049	169,134
MFW	64,146	87,678	213,131	220,017
Savan Vegas Hotel	2,827	—	2,827	—
Sub-total for non-gaming operations	<u>120,432</u>	<u>140,854</u>	<u>367,007</u>	<u>389,151</u>
Total reported revenue	<u>377,567</u>	<u>370,470</u>	<u>1,043,589</u>	<u>1,068,699</u>

Gaming revenue of the Group for Q3 2016 increased by approximately 12.0% to approximately HK\$257.1 million, and non-gaming revenue of the Group for Q3 2016 decreased by approximately 14.5% to approximately HK\$120.4 million, respectively, when compared to those of Q3 2015.

ADJUSTED EBITDA

Adjusted EBITDA of the Group for Q3 2016 was approximately HK\$75.5 million, representing an increase of approximately HK\$0.9 million or approximately 1.2% over that of Q3 2015. 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							
	2016				2015			
	The Group excluding MFW Group	MFW Group	Savan Legend	Consolidated	The Group excluding MFW Group	MFW Group	Savan Legend	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gaming services	103,171	(10,421)	19,956	112,706	98,080	(4,071)	—	94,009
Non-gaming operations	(1,272)	(15,969)	(5,739)	(22,980)	(4,895)	3,032	—	(1,863)
Sub-total	101,899	(26,390)	14,217	89,726	93,185	(1,039)	—	92,146
Unallocated corporate expenses	(14,226)	—	—	(14,226)	(17,505)	—	—	(17,505)
Adjusted EBITDA	<u>87,673</u>	<u>(26,390)</u>	<u>14,217</u>	<u>75,500</u>	<u>75,680</u>	<u>(1,039)</u>	<u>—</u>	<u>74,641</u>

	Nine months ended 30 September							
	2016				2015			
	The Group excluding MFW Group	MFW Group	Savan Legend	Consolidated	The Group excluding MFW Group	MFW Group	Savan Legend	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gaming services	209,599	(15,335)	19,956	214,220	306,210	(29,651)	—	276,559
Non-gaming operations	(14,926)	(28,050)	(5,739)	(48,715)	(16,391)	(17,637)	—	(34,028)
Sub-total	194,673	(43,385)	14,217	165,505	289,819	(47,288)	—	242,531
Unallocated corporate expenses	(43,365)	—	—	(43,365)	(39,479)	—	—	(39,479)
Adjusted EBITDA	<u>151,308</u>	<u>(43,385)</u>	<u>14,217</u>	<u>122,140</u>	<u>250,340</u>	<u>(47,288)</u>	<u>—</u>	<u>203,052</u>

Adjusted EBITDA from gaming services increased by approximately 19.9% to approximately HK\$112.7 million in Q3 2016 from approximately HK\$94.0 million in Q3 2015. Adjusted EBITDA from operations of the Group excluding MFW Group, Savan Legend and unallocated corporate expenses, mainly arising from the operations at The Landmark Macau, increased by approximately 9.4% to approximately HK\$101.9 million in Q3 2016 from approximately HK\$93.2 million in Q3 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:

	Third quarter ended		Nine months ended	
	30 September		30 September	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Pharaoh's Palace Casino:				
Mass market tables				
Games drop	1,195,576	1,192,167	3,360,644	3,574,224
Net win	259,817	245,733	742,378	808,109
Hold rate	21.73%	20.61%	22.09%	22.61%
Average number of tables	60	60	60	60
Net win per table per day	47	45	45	49
Self-run VIP tables				
Games turnover	1,892,762	1,534,732	6,534,641	4,304,274
Net win	109,074	77,271	233,572	164,655
Win percentage	5.76%	5.03%	3.57%	3.83%
Average number of tables	9	8	9	7
Net win per table per day	132	105	95	86
Outsourced VIP tables				
Games turnover	3,706,000	8,953,309	14,391,000	41,615,543
Net win	123,696	264,538	383,412	1,378,199
Win percentage	3.34%	2.95%	2.66%	3.31%
Average number of tables	15	28	14	38
Net win per table per day	90	103	100	133
Babylon Casino:				
Mass market tables				
Games drop	312,979	378,603	1,001,443	1,088,325
Net win	44,357	61,484	154,951	154,927
Hold rate	14.17%	16.24%	15.47%	14.24%
Average number of tables	32	32	32	27
Net win per table per day	15	21	18	21

	Third quarter ended		Nine months ended	
	30 September		30 September	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Self-run VIP tables				
Games turnover	250,072	445,487	896,724	929,814
Net win	17,943	16,033	61,352	38,307
Win percentage	7.18%	3.60%	6.84%	4.12%
Average number of tables	17	12	15	9
Net win per table per day	11	15	15	16
Savan Vegas Casino:				
Mass market tables				
Games drop	43,833	—	43,833	—
Net win	10,728	—	10,728	—
Hold rate	24.47%	—	24.47%	—
Average number of tables	47	—	47	—
Net win per table per day	8	—	8	—
Self-run VIP tables				
Games turnover	354,804	—	354,804	—
Net win	9,703	—	9,703	—
Win percentage	2.73%	—	2.73%	—
Average number of tables	40	—	40	—
Net win per table per day	8	—	8	—

As at 30 September 2016 and 30 September 2015, the Group had the following number of gaming tables in its three casinos which were put into operation:

	As at 30 September							
	2016				2015			
	Pharaoh's Palace Casino	Babylon Casino	Savan Vegas Casino	Total	Pharaoh's Palace Casino	Babylon Casino	Savan Vegas Casino	Total
Mass market tables	60	34	46	140	60	33	—	93
VIP tables	22	17	40	79	34	12	—	46
Total gaming tables	<u>82</u>	<u>51</u>	<u>86</u>	<u>219</u>	<u>94</u>	<u>45</u>	<u>—</u>	<u>139</u>

As at 30 September 2016, the Group had a total of 179 gaming tables in Macau (30 September 2015: 185), of which 133 (30 September 2015: 139) were put into operation. The Group had 86 gaming tables which were put into operation in the Lao PDR.

Hotel operations

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

	Third quarter ended		Nine months ended	
	30 September		30 September	
	2016	2015	2016	2015
The Landmark Macau				
Occupancy rate (%)	87.2	68.0	74.5	65.7
Average daily room rate (HK\$)	937.3	1,162.0	999.7	1,310.9
Revenue per available room (HK\$)	817.3	790.2	744.8	861.3
Rocks Hotel				
Occupancy rate (%)	83.5	79.9	74.9	78.6
Average daily room rate (HK\$)	950.9	1,086.9	993.7	1,135.6
Revenue per available room (HK\$)	794.0	868.4	744.3	892.6
Harbourview Hotel				
Occupancy rate (%)	84.0	73.1	74.5	63.3
Average daily room rate (HK\$)	787.1	873.0	801.0	929.9
Revenue per available room (HK\$)	661.2	638.2	596.7	588.6

CASH AND CASH EQUIVALENT AND BORROWINGS

As at 30 September 2016, cash and cash equivalent held by the Group amounted to approximately HK\$490.2 million (including pledged bank deposits of approximately HK\$21.1 million). As at 30 September 2016, the Group's secured bank borrowings and unsecured other borrowings amounted to approximately HK\$3,590.1 million and HK\$58.5 million, respectively.

CORPORATE AND BUSINESS UPDATES

During Q3 2016 and up to the date of this announcement, the Group had the following major corporate and business updates:

(i) Development project in Portugal

On 7 July 2016, the Company entered into the memorandum of understanding with the Setúbal Municipality for the proposed development at the riverfront area at Setúbal in Portugal. The Company also entered into the heads of agreement with independent third parties in relation to (i) the formation of a joint venture company; and (ii) the transfer of the Tróia Casino and its gaming concession pursuant to which, subject to its terms and conditions and among other things, one of the independent third parties and the Company will form the joint venture company and shall

transfer to the joint venture company the Tróia Casino and its gaming concession at the value of €40.0 million (equivalent to approximately HK\$343.6 million) or inject cash in the same amount to the joint venture company. Further details of the memorandum of understanding are set out in the Company's announcement dated 7 July 2016.

(ii) Proposed disposal of The Landmark Macau

The Company entered into a letter of intent dated 23 March 2016 (the “**Letter of Intent**”) with Wide Power Enterprises Limited (the “**Buyer**”), a connected person of the Company, in relation to the proposed disposal of The Landmark Macau. The Company and the Buyer have not concluded or entered into any definitive investment agreement before the expiry of the Letter of Intent. The Letter of Intent expired on 23 September 2016.

At present, the Company has been approached by and is in negotiation with a potential buyer, an independent third party, on the potential disposal of The Landmark Macau and remains positive on the disposal. It is expected that completion of the disposal will occur soon after the potential buyer completes its due diligence and the necessary regulatory approvals in Macau and Hong Kong are obtained. Further details of the expiry of the Letter of Intent are set out in the Company's announcement dated 23 September 2016.

(iii) Development project in the Lao PDR

On 13 May 2016, the Company entered into the project development agreement with the Government of the Lao PDR in respect of the acquisition of the Savan Vegas Hotel and Entertainment Complex (“**Savan Vegas**”) at the consideration of US\$42.0 million (equivalent to approximately HK\$325.9 million). The project development agreement shall have an initial term of 50 years. Further details of the investment project in the Lao PDR are set out in the Company's announcement dated 13 May 2016 and circular dated 1 August 2016. The Group obtained the approval from the shareholders of the Company at an extraordinary general meeting of the Company held on 18 August 2016. On 1 September 2016, the Company has taken over the management and operation of Savan Vegas.

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
“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 of Hong Kong Limited
“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 of Hong Kong Limited
“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

“Savan Legend”	Savan Legend Resorts Sole Company Limited, a company incorporated in the Lao PDR and a subsidiary of the Company, which operates Savan Vegas Hotel and Entertainment Complex
“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
“€”	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, 8 November 2016

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

* *for identification purposes only*