

## SUMMARY

*This summary aims to give you an overview of the information contained in this prospectus and is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in this prospectus. As this is a summary, it does not contain all the information that may be important to you and we urge you to read the entire prospectus carefully before making your investment decision. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.*

### OVERVIEW

We are one of the leading owners of entertainment and casino gaming facilities in Macau. We have two major properties, The Landmark Macau, an award-winning integrated hotel, casino and luxury shopping complex, featuring a five-star hotel and Macau's first themed casino, located in the heart of the Macau Peninsula, and Macau Fisherman's Wharf, a waterfront integrated gaming, hotel convention and entertainment complex located on the outer harbor of the Macau Peninsula. Our businesses include (i) the provision of Gaming Services to SJM in two major casinos on our properties, namely Pharaoh's Palace Casino in The Landmark Macau and Babylon Casino at Macau Fisherman's Wharf; and (ii) the operation of the hotels, entertainment and leisure facilities within our properties.

We do not hold a concession or subconcession as required by the Macau Government to operate casino games and other games of chance in Macau. We provide Gaming Services to SJM at the Casinos that are operated by SJM. The Casinos offer mass market tables, VIP tables and slot machines which cater to a variety of patrons, from mass market patrons seeking a general entertainment and leisure experience to VIP patrons seeking a high-stakes rolling chip gaming experience. As part of our Gaming Services, we also design and supervise the fitting out of the Casinos and are responsible for certain aspects of marketing and administration of, and security in, the Casinos. For details of our Gaming Services Model, please see the section headed "Summary — Gaming Services Model."

Although we are not a gaming operator, we play an important role in the Casinos' operations.

- **Share of gross gaming income and losses:** We indirectly assume the business risks of a gaming operator because SJM shares with us the gross gaming income and losses in relation to the Casinos. As consideration for our provision of Gaming Services, we receive from SJM a monthly compensation which is equivalent to a percentage of the gross gaming income generated by the mass market tables, VIP tables and slot machines in the Casinos, respectively. In the event of a gross gaming loss, we also share with SJM a monthly amount equivalent to a percentage of such gross gaming loss incurred by the mass market tables, VIP tables and slot machines in the Casinos, respectively. For the years ended 31 December 2010, 2011 and 2012, we were not liable for any gross gaming losses in respect of the mass market tables, VIP tables and slot machines, in aggregate, for any particular month, although we incurred a loss

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arising from the guaranteed monthly gaming income for the six additional VIP tables paid to SJM pursuant to the 2012 Amendments to the Service Agreement of HK\$5.7 million in 2012. For further details, please see the section headed "Gaming Services Model — The Service Agreement — 2012 Amendments to the Service Agreement."

- **Guarantee to SJM:** We assume other business risks including the provision of a guarantee to SJM against any amounts outstanding to SJM (including the gaming promoters' share of the gross gaming loss) and any other losses incurred by SJM resulting from a breach of the Gaming Promotion Agreements by any of our designated gaming promoters.

Currently, we do not directly provide gaming promotion services, but we work with gaming promoters designated by us to attract VIP patrons to the Casinos. As at the Latest Practicable Date, SJM had entered into arrangements with six gaming promoters who are responsible for the promotion of six VIP rooms in our properties. The gaming promoters are entitled to receive a monthly compensation equivalent to a percentage of the gross gaming income, and are required to share in a percentage of any gross gaming losses of the respective VIP rooms.

- **Advances to gaming promoters:** We require the gaming promoters to make requests for advances from SJM through us, whereby we assess the individual gaming promoter's ability to repay SJM for the advance by reviewing, among other things, any accrued but unpaid commissions due to the gaming promoter from SJM before advising SJM to make such advances.
- **Security from gaming promoters:** We require each of the gaming promoters to provide us, in cash and/or by check, a HK\$20 million deposit as security for its obligation to share in the gross gaming losses incurred in the respective VIP rooms and to repay SJM for losses incurred by SJM resulting from any breach of the respective Gaming Promotion Agreements.

Going forward, subject to approval by the DICJ, we intend to diversify our business and indirectly participate in the gaming promotion business through a new licensed gaming promoter to be established by a member of our senior management team following Listing. For details, please see the section headed "Business — Gaming — Gaming promotion business."

Our business was established by David Chow in 1997 with the opening of The Landmark Macau. We own the largest entertainment and leisure complex in the Macau Peninsula in terms of site area and, as at 31 December 2012, we were the second largest gaming service provider, in terms of the total number of gaming tables in our properties, among the casinos operating under service agreements in Macau. In terms of net win per table per day, the casino gaming facilities in The Landmark Macau were also one of the highest performing casinos in Macau in 2010 and 2011, and were above the industry average in 2012. According to Union Gaming, as at 31 December 2012, there were 19 casinos, which contained 1,174 gaming tables, operated by third parties providing gaming services to the concessionaires and subconcessionaires. According to the DICJ, as at 31 December 2012, there were 5,485 gaming tables in Macau. Of the 1,771

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gaming tables operated by SJM, 988 were in operation in casinos operating under service agreements with SJM, of which 146 gaming tables were in operation in the Casinos as at 31 December 2012.

The following table sets forth certain key operational data for our gaming services operation for 2010, 2011 and 2012.

	Year Ended 31 December		
	2010	2011	2012
	(in thousands of HK\$, except for numbers of gaming tables, table days and slot machines)		
<b><i>The Landmark Macau</i></b>			
Mass market tables			
Games drop . . . . .	6,565,068	7,791,501	8,029,080
Net win. . . . .	1,371,872	1,669,561	1,637,389
Average number of tables. . . . .	66	66	63
Net win per table per day. . . . .	57	69	71
Number of table days . . . . .	24,090	24,090	23,484
Net win per table days . . . . .	57	69	70
VIP tables			
Games turnover . . . . .	143,330,510	213,030,170	187,299,157
Net win. . . . .	4,393,658	6,167,143	5,540,532
Average number of tables. . . . .	41	46	57
Net win per table per day. . . . .	294	367	268
Number of table days . . . . .	15,600	17,718	20,822
Net win per table days . . . . .	282	348	266
Slot machines			
Slot handle . . . . .	1,055,001	1,129,244	775,532
Net win. . . . .	62,165	66,583	43,891
Average number of slot machines . . . . .	280	304	258
Net win per slot machine per day . . . . .	0.6	0.6	0.5
<b><i>Macau Fisherman's Wharf</i></b>			
Mass market tables			
Games drop . . . . .	959,387	1,137,259	1,223,856
Net win. . . . .	196,118	237,407	285,453
Average number of tables. . . . .	28	23	23
Net win per table per day. . . . .	19	28	34
Number of table days . . . . .	10,394	8,395	8,418
Net win per table days . . . . .	19	28	34
Slot machines			
Slot handle . . . . .	33,465	26,510	17,766
Net win. . . . .	4,776	3,770	2,648
Average number of slot machines . . . . .	129	92	78
Net win per slot machine per day . . . . .	0.1	0.1	0.1

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*Note:*

- (1) The per table or per slot machine amounts are based on the average number of tables or slot machines, as applicable, during the relevant year. The average number of tables or slot machines during the relevant year is calculated by averaging the number of tables or slot machines, respectively, at the beginning and end of the relevant year.

We also generate non-gaming services related income from operating our hotels, entertainment and leisure facilities, including income from hotel rooms, food and beverage income, licensing income, building management services income and other income.

The following table sets forth the occupancy rate, ADR and REVPAR for our hotels during the periods indicated:

	Year Ended 31 December		
	2010	2011	2012
<b>The Landmark Macau</b>			
Occupancy rate (%)	73.6	85.3	85.3
ADR (HK\$)	1,151.0	1,132.0	1,120.0
REVPAR (HK\$)	847.1	965.4	955.4
<b>Rocks Hotel</b>			
Occupancy rate (%)	70.5	82.2	75.1
ADR (HK\$)	1,244.4	1,437.9	1,392.3
REVPAR (HK\$)	876.9	1,182.0	1,045.6

The following table illustrates the amount and percentage of our total revenue from our Gaming Services and non-gaming operations for the periods indicated:

	Year Ended 31 December					
	2010		2011		2012	
	(in thousands of HK\$)	(%)	(in thousands of HK\$)	(%)	(in thousands of HK\$)	(%)
Gaming Services	867,269	79.2	1,068,235 <sup>(1)</sup>	79.4	1,111,442	74.0
Non-gaming operations	228,026	20.8	277,695 <sup>(2)</sup>	20.6	389,646 <sup>(3)</sup>	26.0
<b>Total</b>	<b>1,095,295</b>	<b>100.0</b>	<b>1,345,930</b>	<b>100.0</b>	<b>1,501,088</b>	<b>100.0</b>

*Notes:*

- (1) The increase in 2011 was primarily due to overall increases in revenue from mass market tables, VIP rooms and slot machines in 2011.
- (2) The increase in 2011 was primarily attributable to an increase in income from hotel rooms, reflecting increased occupancy as our hotel guests tend to be gaming patrons and more gaming patrons, particularly from China, visited The Landmark Macau in 2011 as compared to 2010.
- (3) The increase in 2012 was primarily due to the inclusion of revenue from non-gaming operations of MFW Investment from 19 May to 31 December 2012.

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### **GAMING SERVICES MODEL**

We operate in the heavily regulated gaming industry where different parties work together to generate gaming revenues and share profits or losses. We provide Gaming Services to SJM, our largest customer, in respect of the mass market tables, VIP tables and slot machines in the Casinos operated by SJM, pursuant to the Service Agreement, and have in the past relied on, and expect to continue to rely on, Gaming Services income generated through SJM for a significant portion of our revenue. We also work with gaming promoters who bring VIP patrons to the Casinos.

The Service Agreement also requires SJM to enter into gaming promotion agreements with gaming promoters to be designated by us and that such gaming promoters will be responsible for the promotion of the VIP rooms in the Casinos. In return, these gaming promoters share part of the gross gaming income we receive from SJM pursuant to the Cooperation Agreements between them and us.

We provide a guarantee to SJM against any amounts outstanding to SJM (including the gaming promoters' share of the gross gaming loss) and any other losses incurred by SJM resulting from a breach of the Gaming Promotion Agreements by any of the designated gaming promoters. If any of the designated gaming promoters defaults on any of their advances from SJM, and/or the VIP rooms in which they operate incur any gross gaming losses and/or SJM incurs any losses as a result of a breach of the Gaming Promotion Agreements by any of the designated gaming promoters, we are liable for such outstanding amounts. We also guarantee SJM that it receives a minimum daily gross slot win in connection with promotional and marketing expenses for the slot machines in The Landmark Macau. Weike has agreed to be responsible for this guarantee and will account to SJM for any shortfall from such guaranteed minimum daily gross slot win. See "— Slot Machines."

As consideration for our provision of Gaming Services, we receive from SJM a monthly compensation which is equivalent to a percentage of the gross gaming income generated by the mass market tables, VIP tables and slot machines in the Casinos, respectively. At the same time, although we are a gaming service provider to SJM, we also indirectly assume the business risk of an operator, such that in the event of a gross gaming loss, we share with SJM a monthly amount equivalent to a percentage of the gross gaming loss incurred by the mass market tables, VIP tables and slot machines in the Casinos, respectively.

#### **Mass market tables**

In respect of the mass market tables, we receive from SJM a monthly compensation equivalent to 40% of the gross gaming income generated by the mass market tables. We are also entitled to receive from SJM up to an amount equivalent to 15% of the gross gaming income generated by the mass market tables on a monthly basis for the operational and investment costs and expenses attributable to the mass market tables in the Casinos, which include, among other things, the amount we reimburse SJM for the salaries and benefits (including any discretionary bonuses) of the gaming operations employees. In the event of a gross gaming loss, we share with SJM a monthly amount equivalent to 55% of such gross gaming loss incurred by the mass market tables.

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### VIP tables

In respect of the VIP tables, we generally receive from SJM a monthly compensation equivalent to 42% of the gross gaming income generated by the VIP tables (of which the gaming promoters receive 40% and we receive 2%). The VIP tables are promoted by gaming promoters and SJM reimburses them, through us, for their expenses in connection with the gaming promotion services they provide to SJM up to an amount equivalent to 15% of the gross gaming income of the respective VIP rooms. We are entitled to deduct from such reimbursement any utility expenses, including water and power consumption that we incurred in respect of the respective VIP rooms, fees for the use of hotel rooms and consumption of food and beverage by gaming patrons of the respective VIP rooms, as well as all the salaries and benefits of the gaming operations employees assigned to the respective VIP rooms. Under the Cooperation Agreements, the gaming promoters are ultimately responsible for such operational and investment costs and expenses related to the VIP tables. In the event of a gross gaming loss, we generally share with SJM a monthly amount equivalent to 57% of such gross gaming loss incurred by the VIP tables (of which the gaming promoters are liable for 55% and we are liable for 2%).

Pursuant to the 2012 Amendments to the Service Agreement, SJM authorized us to provide Gaming Services in respect of six additional VIP tables in the VIP rooms in the Casinos in accordance with a special compensation scheme, whereby we guarantee SJM that the monthly gross gaming income generated by the six additional tables in aggregate that SJM ultimately receives will not fall below HK\$1,920,000. We agreed to top up any shortfall in SJM's monthly revenue of HK\$1,920,000 (but are entitled to retain any amounts in excess of the guaranteed amount). See "Gaming Services Model — The Service Agreement — 2012 Amendments to the Service Agreement."

Between August 2009 and October 2012, TCL was the only designated gaming promoter responsible for gaming promotion for the VIP rooms in the Casinos. TCL will be a connected person of the Company upon Listing. We intend to terminate our relationship with TCL in relation to the VIP room which TCL currently operates prior to Listing. We cannot assure you that the other gaming promoters, who are independent third parties, will be able to develop or maintain relationships with a sufficient number of VIP patrons, to control costs, or to collect receivables due from their customers in a timely manner or at all. Accordingly, we cannot assure you that our business, financial condition and results of operations during the Track Record Period can be maintained at the same level after Listing.

### Slot Machines

In respect of the slot machines, we generally receive from SJM a monthly compensation equivalent to 40% of the gross gaming income generated by the slot machines. Subsequent to the execution of the Slot Hall Agreement, Weike, a third party slot machine vendor and operator, receives 70% of our share of the gross slot win (being 28% of the gross gaming income) and we retain the remaining 30% (being 12% of the gross gaming income) generated from the slot machines at The Landmark Macau, subject to a guarantee from Weike to us of a minimum monthly gross slot win of HK\$700,000. In the event of a gross gaming loss incurred by

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the slot machines, we share with SJM a monthly amount equivalent to 40% of such gross gaming loss incurred by the operation of the slot machines (which, for the slot machines at The Landmark Macau, Weike is liable for the entire 40%).

We guarantee SJM that it receives a minimum daily gross slot win of HK\$110 for each slot machine in The Landmark Macau in connection with promotional and marketing expenses for the slot machines in The Landmark Macau. Weike has agreed to be responsible for this guarantee and will account to SJM for any shortfall from such guaranteed minimum daily gross slot win.

For details of our relationships with SJM and the gaming promoters and collaborators, see “Gaming Services Model — The Service Agreement.”

For the years ended 31 December 2010, 2011 and 2012, gaming service income from SJM, our largest customer, accounted for 71.2%, 70.2% and 66.7% of our total revenue, respectively. In the event the Service Agreement is terminated, the Group may seek to enter into a similar arrangement with any of the other concessionaires or subconcessionaires. For risks related to our reliance on SJM, see “Risk Factors — Risks Relating to Our Business and Operations — We provide Gaming Services under the Service Agreement and rely on SJM for all of our income from Gaming Services.”

### OUR DEVELOPMENT PROJECTS

#### Renovation of The Landmark Macau

We are currently renovating The Landmark Macau and have, among other things, commenced the remodeling of some of the restaurants in the building and added a new VIP room on the 20th floor of the hotel. We also plan to, among other things, expand the lobby, add retail space, refurbish hotel rooms and remodel other restaurants. See “Business — Our Development Projects — Renovation of The Landmark Macau.”

#### The MFW Redevelopment Project

We are also currently planning the redevelopment of Macau Fisherman’s Wharf. We envision the MFW Redevelopment Project as a redevelopment of existing facilities as well as the addition of new facilities, including the Prague Harbor View Hotel, the Palace Hotel, the Legendale Hotel Macau, a general entertainment and cultural facility, a canopied open-air shopping, dining and entertainment colonnade, a yacht club at the Marina and other attractions. These and other facilities identified for redevelopment and construction are currently in varying stages of design, capital commitment planning, budgeting, land acquisition or construction. Upon completion of the MFW Redevelopment Project, we expect MFW to have approximately 1,344 hotel rooms and our properties to have a total of 1,783 hotel rooms. See “Business — Our Development Projects — The MFW Redevelopment Project.”

In response to the 2012 Additional Gaming Tables Application, the DICJ advised us and SJM in writing on 7 December 2012 that the measures taken by the Macau Government to limit the number of gaming tables in September 2011 will not be an obstacle to the request made under the 2012 Additional Gaming Tables Application to operate up to 500 gaming tables in total on

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the gaming premises located within our properties. Accordingly, the DICJ may, in addition to the existing gaming tables in the Casinos, consider granting new gaming tables to be operated on the gaming premises within our properties in stages in accordance with the investment plan and market studies presented to the Macau Government in support of the 2012 Additional Gaming Tables Application. Upon approval of such application, these additional gaming tables are expected to be allocated across our properties. While it is our current plan to allocate tables across the existing and new casinos at Macau Fisherman's Wharf, the actual table allocation to each property and the split in actual tables between mass, premium mass and VIP segments will depend on several factors including final building designs and conditions in the Macau gaming market.

### CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

Our capital expenditures, as represented by our additions to investment properties and property and equipment, during the Track Record Period amounted to HK\$22.9 million, HK\$115.0 million and HK\$9.1 million for each of the three years ended 31 December 2010, 2011 and 2012, respectively.

We anticipate our capital expenditures in the future will increase as we continually seek new opportunities for additional gaming, entertainment or property-related businesses in Macau. Our projected capital expenditure for each of the four years ending 31 December 2013, 2014, 2015 and 2016 is approximately HK\$1,549.7 million, HK\$1,886.1 million, HK\$2,511.2 million and HK\$1,248.1 million, respectively, which will be primarily used for the redevelopment of Macau Fisherman's Wharf and the renovation of The Landmark Macau. See "Business — Our Development Projects — Renovation of The Landmark Macau" and "Business — Our Development Projects — The MFW Redevelopment Project" for further details of our expansion plans.

Our expansion plans for each of the four years ending 31 December 2013, 2014, 2015 and 2016 and the related projected capital expenditure are summarized as follows:

	For the year ending 31 December			
	2013	2014	2015	2016
	(in millions of HK\$)			
MFW Redevelopment Project				
Prague Harbor View Hotel . . . . .	926.4	665.0	—	—
Palace Hotel . . . . .	33.7	584.0	890.6	555.5
Legendale Hotel Macau . . . . .	21.0	179.1	1,190.4	669.5
Construction of a general entertainment and cultural facility . . . . .	23.1	302.1	321.5	—
Improvement on the yacht club and public pier for the harbor cruise . . . . .	47.6	22.4	—	—
Construction of a canopied open-air shopping, dining and entertainment colonnade . . . . .	3.9	23.9	14.2	—
Refurbishment of existing facilities and miscellaneous works and expenses <sup>(1)</sup> . . . . .	62.2	21.6	49.5	23.1
Land premium . . . . .	45.0	45.0	45.0	—
Sub-total . . . . .	<u>1,162.9</u>	<u>1,843.1</u>	<u>2,511.2</u>	<u>1,248.1</u>
Renovation of The Landmark Macau . . . . .	<u>386.8</u>	<u>43.0</u>	<u>—</u>	<u>—</u>
Total: . . . . .	<u><u>1,549.7</u></u>	<u><u>1,886.1</u></u>	<u><u>2,511.2</u></u>	<u><u>1,248.1</u></u>



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Note:

- (1) Include project management and supervision fees, other miscellaneous expenses and design and construction costs for the refurbishment of existing buildings including Babylon Casino and Rocks Hotel, landscaping work, construction of new utility structures, multifunctional areas, parking facilities, restaurants and pedestrian walkways and demolition of certain existing structures. See "Business — Our Development Projects — The MFW Redevelopment Project — Expansion and redevelopment highlights — Redevelopment of Existing Facilities."

Our total projected capital expenditure for renovating The Landmark Macau and the MFW Redevelopment Project is approximately HK\$429.8 million and HK\$6,765.3 million, respectively.

We expect that our projected capital expenditure for the MFW Redevelopment Project for the four years ending 31 December 2013, 2014, 2015 and 2016, approximately HK\$1,162.9 million, HK\$1,843.1 million, HK\$2,511.2 million and HK\$1,248.1 million, respectively, will be funded as to approximately 99.5%, 91.4%, 36.9% and 0.0% by the net proceeds from the Global Offering, based on the mid-point of the indicative Offer Price range, and the remaining from cash generated from our operating activities and equity and/or debt financing.

The projected capital expenditure for the renovation of The Landmark Macau for the years ending 31 December 2013 and 2014 are expected to be HK\$386.8 million and HK\$43.0 million, respectively, of which HK\$199.7 million will be funded by a portion of the net proceeds from the Global Offering. We expect to substantially complete the renovation by the end of 2013.

### OUR COMPETITIVE STRENGTHS

We believe that we have a number of key strengths including the following:

- Strategically located properties targeting a wide range of customers
- Largest leisure and entertainment complex in the Macau Peninsula
- Strong customer knowledge and relationships
- Industry-leading returns with one of the highest net win per table per day in both the VIP segment and the mass market segment at Pharaoh's Palace Casino
- Experienced and seasoned management team

### OUR STRATEGIES

Our objective is to maintain our position as one of the leading owners of entertainment and casino gaming facilities in Macau and to become a leading provider of gaming, leisure and entertainment services, capitalizing on the expected future growth opportunities in Macau. To achieve our objective, we have developed the following core business strategies:

- Growth through the development of centrally located and integrated property offerings to cater to different market segments
- Capitalize on the prime location of Macau Fisherman's Wharf and expand our business through re-development of Macau Fisherman's Wharf

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- Continue to upgrade The Landmark Macau, and its services and facilities to maintain and enhance our yield
- Grow our revenue from Gaming Services by increasing the number of gaming tables in our properties
- Indirectly participate in the gaming promotion business of VIP tables in our properties to diversify our Gaming Services so as to receive a higher percentage of gross gaming income generated by such VIP tables

### RISK FACTORS

Our business is subject to numerous risks and there are risks relating to an investment in the Offer Shares. We believe that the following are some of the major risks that may have a material adverse effect on us: (1) we provide Gaming Services under the Service Agreement and rely on SJM for all of our income from Gaming Services; (2) we will stop generating any revenue from Gaming Services if the Macau Government exercises its redemption right, terminates the SJM Concession under certain circumstances or if SJM cannot secure an extension of its concession in 2020 and we are unable to enter into a similar arrangement under the Service Agreement with any of the other concessionaires or subconcessionaires; and (3) the Casinos are operated under the SJM Concession and certain operational risks are beyond our control. You should read the entire section headed "Risk Factors" in this prospectus before you decide to invest in the Offer Shares.

### SUMMARY HISTORICAL FINANCIAL INFORMATION OF OUR GROUP

The following tables set forth our summary consolidated financial information for the three years ended 31 December 2010, 2011 and 2012, and as at 31 December 2010, 2011 and 2012, extracted from the Accountants' Report set out in Appendix I to this prospectus.

The results were prepared on the basis of presentation as set out in the Accountants' Report and the summary of the consolidated financial information should be read in conjunction with the consolidated financial statements set out in the Accountants' Report, including the related notes, the text of which is set out in Appendix I to this prospectus.

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### Summary Consolidated Statements of Comprehensive Income

	Year Ended 31 December		
	2010	2011	2012
	(in thousands of HK\$, except per share data)		
Revenue . . . . .	1,095,295	1,345,930	1,501,088
Costs of sales and services . . . . .	(417,156)	(418,712)	(664,672)
	<u>678,139</u>	<u>927,218</u>	<u>836,416</u>
Profit before taxation . . . . .	497,172	648,442	531,236
Taxation . . . . .	—	—	4,105
Profit and total comprehensive income for the year, attributable to owners of the Company . . . . .	<u>497,172</u>	<u>648,442</u>	<u>535,341</u>
Basic earnings per share (HK cents) . . . . .	<u>14.7</u>	<u>19.2</u>	<u>11.8</u>
Adjusted EBITDA <sup>(1)</sup> . . . . .	578,182	809,188	750,305

Note:

- (1) See "Financial Information — Selected Consolidated Financial Information of Our Group — Summary Consolidated Statements of Comprehensive Income" for the definition of "Adjusted EBITDA."

#### **Revenue**

We generate revenue from gaming services and non-gaming operations. The following table sets out a breakdown of our revenue by segment and type for the periods indicated.

	Year Ended 31 December		
	2010	2011	2012
	(in thousands of HK\$)		
<b>Gaming Services:</b>			
— Mass market tables . . . . .	754,530	918,259	984,461
— VIP rooms . . . . .	87,873	123,343	110,810 <sup>(3)</sup>
— Slot machines . . . . .	24,866	26,633	16,171 <sup>(4)</sup>
	<u>867,269</u>	<u>1,068,235<sup>(1)</sup></u>	<u>1,111,442</u>
<b>Non-gaming operations:</b>			
— Income from hotel rooms . . . . .	87,391	123,458 <sup>(2)</sup>	135,093
— Licensing income from investment properties . . . . .	28,243	33,949	48,948
— Income from building management services .	34,330	36,413	42,928
— Food and beverage . . . . .	71,366	76,139	132,692 <sup>(5)</sup>
— Sales of merchandise . . . . .	—	—	22,506
— Others . . . . .	6,696	7,736	7,479
	<u>228,026</u>	<u>277,695</u>	<u>389,646</u>
	<u>1,095,295</u>	<u>1,345,930</u>	<u>1,501,088</u>

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### *Gaming Services*

Revenue from gaming services amounted to HK\$867.3 million, HK\$1,068.2 million and HK\$1,111.4 million for 2010, 2011 and 2012, respectively, or 79.2%, 79.4% and 74.0% of our total revenue for the same periods. Revenue from gaming services consists of service income received from SJM for services and facilities we provide in connection with mass market tables, VIP rooms and slot machines. In addition, we receive from SJM up to 15% of the gross gaming income generated by mass market tables in the Casinos for budgeted operational and investment costs and expenses. Such reimbursement is recorded as our revenue.

### *Non-Gaming Operations*

Revenue from non-gaming operations amounted to HK\$228.0 million, HK\$277.7 million and HK\$389.6 million for 2010, 2011 and 2012, respectively, or 20.8%, 20.6% and 26.0% of our total revenue for the same periods. Revenue from non-gaming operations consists of income from hotel rooms, food and beverage income, licensing income from investment properties, building management services income and other income.

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#### Notes:

- (1) Revenue from gaming services increased by 23.2% to HK\$1,068.2 million in 2011 from HK\$867.3 million in 2010. This increase was primarily due to an increase in revenue from mass market tables by HK\$163.7 million mainly attributable to the overall increase in visitation to Pharaoh's Palace Casino, resulting in increased mass market table games drop, and an increase in the net win per table per day for mass market tables.
- (2) Hotel rooms income increased by 41.3% to HK\$123.5 million in 2011 from HK\$87.4 million in 2010, reflecting increased occupancy as our hotel guests tend to be gaming patrons and more gaming patrons, particularly from China, visited The Landmark Macau in 2011 as compared to 2010.
- (3) Revenue from VIP rooms decreased by 10.2% from HK\$123.3 million in 2011 to HK\$110.8 million in 2012 despite the increase in the number of table days by 17.5% from 17,718 to 20,822 over the same period. The decrease in revenue was mainly attributable to a slower economic growth in China and a decreased patronage and popularity of some of the VIP rooms as a result of renovation and fitting-out work conducted in such VIP rooms during 2012. These factors contributed to an overall decrease in patronage and a 23.6% decrease of net win per table day from HK\$348,000 in 2011 to HK\$266,000 in 2012. For example, as a result of the renovation and fitting out work carried out in respect of two VIP rooms in 2012, the average net win per table per day for the two VIP rooms were reduced by approximately 42% and 21%, respectively, during the respective renovation periods when compared with the average net win per table per day of the respective VIP rooms for 2011. Except for one VIP room in respect of which operations were transferred from TCL to another gaming promoter in mid-October 2012, all of the VIP rooms which underwent renovations in 2012 were operated by TCL at the time such renovation work was conducted. For further details, see "Financial Information — Results of Operations — Year Ended 31 December 2012 Compared to Year Ended 31 December 2011 — Revenue — Gaming Services — VIP Rooms."
- (4) Revenue from slot machines decreased by 39.3% to HK\$16.2 million in 2012 from HK\$26.6 million in 2011, primarily due to decrease in the number of slot machines from an average of 304 in 2011 to 258 in 2012.
- (5) Food and beverage income increased by 74.3% to HK\$132.7 million in 2012 from HK\$76.1 million in 2011, and would have decreased by 9.2% to HK\$69.2 million in 2012 had we not included food and beverage income of MFW Investment amounting to HK\$63.5 million from 19 May to 31 December 2012. The 9.2% decrease was primarily due to the renovation of some of the restaurants in The Landmark Macau in 2012.

## SUMMARY

### Summary Consolidated Statements of Financial Position

	As at 31 December		
	2010	2011	2012
	(in thousands of HK\$)		
Non-current assets . . . . .	1,480,008	1,465,843	5,014,398
Current assets . . . . .	1,047,666	1,895,948	2,906,910
Current liabilities . . . . .	(3,411,314)	(629,212)	(994,199)
Net current (liabilities) assets . . . . .	(2,363,648)	1,266,736	1,912,711
Total assets less current liabilities . . . . .	(883,640)	2,732,579	6,927,109
Non-current liabilities . . . . .	(557,130)	(1,456,226)	(1,602,619)
Net (liabilities) assets . . . . .	(1,440,770)	1,276,353	5,324,490
Capital and reserves			
Share capital . . . . .	337,917	339,185	522,672
Reserves . . . . .	(1,778,687)	937,168	4,801,818
Equity attributable to owners of the Company . . . . .	(1,440,770)	1,276,353	5,324,490

### KEY FINANCIAL RATIOS

The following table illustrates our selective key financial ratios for the periods indicated:

	Year Ended 31 December		
	2010	2011	2012
Return on total assets <sup>(1)</sup> . . . . .	19.7%	19.3%	6.8%
Current ratio <sup>(2)</sup> . . . . .	30.7%	301.3%	292.4%
Gearing ratio <sup>(3)</sup> . . . . .	N/A	135.4%	32.6%
Debt-to-equity ratio <sup>(4)</sup> . . . . .	N/A	129.8%	30.5%

#### Notes:

- (1) Return on total assets ratio is calculated by dividing profit and total comprehensive income for the year by total assets at the end of the year and multiplying by 100%. The decrease in 2012 was primarily due to an increase in total assets as a result of the MFW Acquisition in May 2012.
- (2) Current ratio is calculated by dividing total current assets at the end of the year by total current liabilities at the end of the year and multiplying by 100%. The significant increase in 2011 was primarily due to the settlement and waiver of dividends payable to holders of Non-redeemable Preferred Shares in 2011.
- (3) Gearing ratio is calculated by dividing the total interest-bearing liabilities at the end of the year by total equity at the end of the year and multiplying by 100%. We had shareholders' deficit in 2010 primarily due to the dividends payable to the holders of the Non-redeemable Preferred Shares of HK\$3,033.4 million as at 31 December 2010. Therefore, the gearing ratio for 2010 is not meaningful.
- (4) Debt-to-equity ratio is calculated by dividing the interest-bearing liabilities net of cash and cash equivalents at the end of the year by total equity at the end of the year and multiplying by 100%. We had shareholders' deficit in 2010 primarily due to the dividends payable to the holders of the Non-redeemable Preferred Shares of HK\$3,033.4 million as at 31 December 2010. Therefore, the debt-to-equity ratio for 2010 is not meaningful.

## SUMMARY

### SUMMARY HISTORICAL FINANCIAL INFORMATION OF MFW INVESTMENT

#### Summary Consolidated Statements of Comprehensive Income

	Year ended 31 December		Period from 1 January to 18 May
	2010	2011	2012
	(in thousands of HK\$)		
Revenue . . . . .	293,588	320,536	135,193
Cost of sales and services . . . . .	(351,717)	(313,126)	(115,576)
	(58,129)	7,410	19,617
Loss before taxation . . . . .	(176,186)	(109,605)	(18,085)
Taxation . . . . .	—	—	—
Loss and total comprehensive expense for the year/period attributable to owners of MFW Investment . . . . .	(176,186)	(109,605)	(18,085)
Adjusted EBITDA of MFW Investment <sup>(1)</sup> . . . . .	(79,244)	(17,031)	12,982

Note:

- (1) See "Financial Information — Selected Consolidated Financial Information of MFW Investment — Consolidated Statements of Comprehensive Income" for the definition of "Adjusted EBITDA of MFW Investment."

#### Summary Consolidated Statements of Financial Position

	As at 31 December		As at 18 May
	2010	2011	2012
	(in thousands of HK\$)		
Non-current assets . . . . .	1,589,130	1,511,772	1,481,826
Current assets . . . . .	113,878	113,701	140,254
Current liabilities . . . . .	(3,564,682)	(3,596,752)	(67,165)
Net current (liabilities) assets . . . . .	(3,450,804)	(3,483,051)	73,089
Total assets less current liabilities . . . . .	(1,861,674)	(1,971,279)	1,554,915
Capital and reserves			
Share capital . . . . .	9,709	9,709	9,709
Reserves . . . . .	(1,871,383)	(1,980,988)	1,545,206
Equity attributable to owners of MFW Investment . . . . .	(1,861,674)	(1,971,279)	1,554,915

We had intended to acquire MFW Investment since 2006 and we completed the acquisition in May 2012. MFW Investment recorded a net loss of HK\$176.2 million, HK\$109.6 million and HK\$18.1 million, respectively, in each of the years ended 31 December 2010 and 2011 and in the period from 1 January to 18 May 2012. The net losses were primarily caused by the cost of sales and services and other costs and expenses exceeding the revenue generated, mainly due to a decrease in overall visitation to Macau Fisherman's Wharf over the same period. The operations at Macau Fisherman's Wharf may continue to be loss-making and continue to negatively impact our consolidated results of operations in the near future. See "Financial Information — Results

## SUMMARY

of Operations of MFW Investment” and “Risk Factors — Risks Relating to Our Business and Operations — MFW Investment was loss-making during the Track Record Period and we may not fully realize anticipated benefits from redevelopment and expansion.”

### LEGAL PROCEEDINGS

During the Track Record Period, we were involved in certain disputes and legal proceedings, including claims brought by us against our retail tenants for unpaid rent, dispute with a construction contractor in relation to construction work undertaken at Macau Fisherman’s Wharf and disputes with Hongkong Land in relation to several trademarks. For details of these material disputes and our exposure thereunder, see “Business — Compliance and Legal Proceedings.”

### OPERATIONAL INDEPENDENCE

We operate our business independently of our Controlling Shareholders and do not rely on our Controlling Shareholders for any material amount of our revenue, technology, staffing or marketing. Our connected transactions that will continue after the Listing were entered into with our connected persons within the ordinary and usual course of our business and on normal commercial terms. None of our connected transactions is, on its own, material to our overall business in terms of value compared with our Group’s assets and revenue during the Track Record Period. See “Relationship with Controlling Shareholders — Independence from Our Controlling Shareholders — Operational Independence” and “Connected Transactions.”

### RECENT DEVELOPMENTS

As far as we are aware, there have not been any material changes in the general economic and market conditions in Macau, China or the industry in which we operate that materially and adversely affected our business operations or financial condition since 31 December 2012 and up to the date of this prospectus.

Based on our unaudited management information for the three months ended 31 March 2013, our unaudited total revenue was HK\$425.6 million, of which HK\$309.0 million was attributable to our Gaming Services and HK\$116.6 million was attributable to our non-gaming operations. Our gross profit margin remained relatively stable subsequent to the Track Record Period up to the date of this prospectus. Our Directors confirm that there have not been any material adverse changes in the financial or trading position or prospects of our Company since 31 December 2012, being the last date of our latest audited financial results as set out in the Accountants’ Report in Appendix I, up to the date of this prospectus.

As at the Latest Practicable Date, we had incurred HK\$40.4 million in Listing-related expenses, of which HK\$34.7 million was incurred over the Track Record Period and HK\$5.7 million was incurred after the Track Record Period up to the Latest Practicable Date. We expect to incur an additional HK\$212.8 million in Listing-related expenses, of which approximately HK\$64.1 million will be recognized in the consolidated statements of comprehensive income for the year ending 31 December 2013 and approximately HK\$148.7 million will be deducted from our Group’s capital. In addition, the Company issued 70,631,345 Shares to PacBridge Capital Partners (HK) Limited in consideration of corporate finance advisory services provided by

## SUMMARY

PacBridge Capital Partners (HK) Limited in connection with the Listing pursuant to their engagement letter signed with the Company on 30 August 2011. Such Shares will be accounted for as part of the Listing expenses of the Company.

### **DIVIDEND DISTRIBUTION PRIOR TO THE LISTING**

On 5 June 2013, we declared HK\$2,446.6 million of dividends to our then existing Shareholders (excluding Vast Field, Ina Chan, PacBridge Capital Partners (HK) Limited, and all of the 2012 Stakeholders who had waived their rights and entitlements to any dividends that may be declared by the Company prior to the Listing). Pursuant to a deed of assignment and set-off (the **"Deed of Assignment and Set-off"**) entered into among the Company, David Chow, All Landmark, Lam Fong Ngo, Grand Bright, Li Chi Keung, Elite Success and The Legend Club Limited on 5 June 2013, All Landmark, Grand Bright, Elite Success and The Legend Club Limited assigned approximately HK\$354.1 million, HK\$154.5 million, HK\$77.7 million and HK\$40.9 million of their respective entitlements to the aforesaid dividends to David Chow for nil consideration and each of Grand Bright and Elite Success assigned HK\$459.9 million and HK\$333.3 million of their respective entitlements to the aforesaid dividends to Lam Fong Ngo and Li Chi Keung for nil consideration, respectively. The relevant Shareholders applied their entitlement to the dividends (including the entitlement assigned to them pursuant to the Deed of Assignment and Set-off) to set off the amounts due to the Company from them in their capacity as Shareholders and/or Directors (as applicable), respectively. Pursuant to the Deed of Assignment and Set-off, a total of HK\$2,396.6 million as at 5 June 2013 was applied by the relevant Shareholders in aggregate to set off all the amounts due to the Company from such Shareholders. Approximately HK\$50.0 million of the dividend declared on 5 June 2013 is expected to be paid in cash to David Chow within one month after Listing. The payment of such dividend will be funded by internal resources. All amounts due from our Shareholders and Directors were fully settled as at 5 June 2013.

### **UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS**

The following unaudited pro forma financial information prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules is for illustrative purposes only and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2012, as if they had taken place on such date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company have been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2012 or any future dates following the Global Offering. It is prepared based on the audited



## SUMMARY

consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2012 as set out in the Accountants' Report contained in Appendix I to this prospectus, and adjusted as described below.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2012	Estimated net proceeds received by the Company from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share
	HK\$ (in millions) (Note 1)	HK\$ (in millions) (Note 2)	HK\$ (in millions)	HK\$ (Notes 3, 4 and 5)
Based on an Offer Price of HK\$2.30 per Offer Share. . .	4,642.5	3,865.3	8,507.8	1.20
Based on an Offer Price of HK\$2.98 per Offer Share. . .	4,642.5	5,021.0	9,663.5	1.37

*Notes:*

- (1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2012, are extracted from the Accountants' Report set out in "Appendix I — Accountants' Report" and is based on the audited consolidated net assets of the Group attributable to the owners of the Company of HK\$5,324.5 million and deducting goodwill of HK\$682.0 million.
- (2) The estimated net proceeds received by the Company from the Global Offering are based on 1,765,784,000 Shares at the Offer Price of lower limit and upper limit of HK\$2.30 and HK\$2.98 per Offer Share, respectively, after deduction of the total estimated underwriting commissions and fees and other related expenses (excluding approximately HK\$34.7 million listing expenses which has been accounted for prior to 31 December 2012) payable by the Company and without taking into account any Directors' Reward Shares, the David Chow Share Options and any options which may be granted pursuant to the Share Option Scheme, or any Share which may be issued or repurchased pursuant to the general mandate as set out in the section headed "Share Capital" in this prospectus.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is arrived at on the basis that 7,063,134,876 Shares were in issue assuming that the Global Offering had been completed on 31 December 2012 and without taking into account any Directors' Reward Shares, the David Chow Share Options and any options which may be granted pursuant to the Share Option Scheme, or any Share which may be issued or repurchased pursuant to the general mandate as set out in the section headed "Share Capital" in this prospectus.
- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company does not take into account a special dividend of HK\$2,446.6 million declared by the Company to its then Shareholders on 5 June 2013 which set off the amounts due to the Company by the Shareholders and Directors of HK\$2,396.6 million in aggregate as at 5 June 2013 pursuant to the Deed of Assignment and Set-off dated 5 June 2013. Had the special dividend and the Deed of Assignment and Set-off been taken into account, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share would be HK\$0.86 per Share (assuming an Offer Price of HK\$2.30 per Share) and HK\$1.02 per Share (assuming an Offer Price of HK\$2.98 per Share), respectively.
- (5) By comparing the valuation of our property interests as set out in Appendix III to this prospectus, the net valuation surplus is approximately HK\$7,467.7 million (please refer to section headed "Financial Information — Property Interests and Property Valuation" to this prospectus for more information) as compared to the

## SUMMARY

carrying amounts of our Group's property interests as at 31 March 2013, which has not been included in the above unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of our Company. The valuation surplus of our property interests will not be incorporated in our consolidated financial information in the future. If the valuation surplus were to be included in our consolidated financial information, an additional annual depreciation and amortization charge of approximately HK\$201.8 million would be incurred.

### GLOBAL OFFERING STATISTICS

	Based on the Offer Price of HK\$2.30	Based on the Offer Price of HK\$2.98
Market capitalization of our Shares <sup>(1)</sup> . . . . .	HK\$16,245.2 million	HK\$21,048.1 million
Unaudited pro forma adjusted consolidated net tangible asset value per Share <sup>(2)</sup> . . . . .	HK\$1.20	HK\$1.37

**Notes:**

- (1) The calculation of market capitalization is based on 7,063,134,876 Shares expected to be in issue and outstanding following completion of the Global Offering, without taking into account the Directors' Reward Shares, any Share that which may be issued pursuant to the David Chow Share Options and any option which may be granted pursuant to the Share Option Scheme.
- (2) The unaudited pro forma adjusted consolidated net tangible asset value per Share is based on 7,063,134,876 Shares expected to be in issue and outstanding following completion of the Global Offering, without taking into account the Directors' Reward Shares, any Share that which may be issued pursuant to the David Chow Share Options and any option which may be granted pursuant to the Share Option Scheme.

### USE OF PROCEEDS

We estimate that the aggregate net proceeds payable to us from the Global Offering, after deducting the Sponsor Fee, underwriting fees and estimated expenses payable by us in connection with the Global Offering, will be approximately HK\$4,408.5 million assuming an Offer Price of HK\$2.64 (being the mid-point of the Offer Price range stated in this prospectus). We currently intend to apply these net proceeds in the following manner:

- approximately 85.5% or HK\$3,768.0 million will be used to finance the MFW Redevelopment Project as follows:
  - approximately 36.1% or HK\$1,591.4 million will be used for construction and fitting-out of the Prague Harbor View Hotel;
  - approximately 32.6% or HK\$1,435.4 million will be used for construction and fitting-out of the Palace Hotel;
  - approximately 4.5% or HK\$200.2 million will be used for construction and fitting-out of the Legendale Hotel Macau;
  - approximately 3.6% or HK\$160.8 million will be used for construction of a general entertainment and cultural facility;

## SUMMARY

- approximately 1.6% or HK\$70.0 million will be used for construction of our yacht club and public pier for harbor cruises, including the construction of a wave breaker to protect yachts berthed at the Marina;
- approximately 1.0% or HK\$42.0 million will be used for construction of a canopied open-air shopping, dining and entertainment colonnade; and
- approximately 6.1% or HK\$268.2 million will be used for paying the land premium for the Macau Fisherman's Wharf site, miscellaneous expenses, project management fees and the costs for the refurbishment of other existing facilities, including Babylon Casino and Rocks Hotel, landscaping work, construction of new utility structures, multifunctional areas, parking facilities, restaurants and pedestrian walkways and demolition of certain existing structures in Macau Fisherman's Wharf;
- approximately 4.5% or HK\$199.7 million will be used for the renovation of our existing facilities in The Landmark Macau, including the refurbishment of hotel rooms, gaming areas and food and beverage facilities, and the potential renovation of the lobby and upgrade of the property's façade;
- approximately 2.2% or HK\$97.5 million will be used to settle a non-trade amount for the same sum that is due from the Company to Macau Landmark Management Limited in respect of the purchase of the aircraft; and
- approximately 7.8% or HK\$343.3 million for working capital and other general corporate purposes.

To the extent our net proceeds are either more or less than HK\$4,408.5 million, we intend to adjust our allocation of the net proceeds solely towards the MFW Redevelopment Project.

We estimate the net proceeds to the International Placing Share Sellers of the sale of 282,525,000 Sale Shares to be approximately HK\$725.4 million (assuming an Offer Price of HK\$2.64, being the mid-point of the indicative Offer Price range), after deducting the underwriting fees and commissions payable by the International Placing Share Sellers.

We will not receive any of the net proceeds from the Sale Shares and the exercise of the Over-allotment Option.

For details of our future plans and use of proceeds, see "Future Plans and Use of Proceeds" in this prospectus.