2013 ANNUAL REPORT

澳門勵駿創建有限公司*
Macau Legend Development Limited

* for identification purposes only


CONTENTS

Corporate Information

PLACE OF INCORPORATION

Cayman Islands

BOARD OF DIRECTORS

Executive Directors

Mr Chow Kam Fai, David
(Co-chairman and chief executive officer)
Madam Lam Fong Ngo *(Vice chairman)*
Mr Sheldon Trainor-DeGirolamo

Non-executive Director

Mr Tong Ka Wing, Carl *(Co-chairman)*

Independent Non-executive Directors

Mr Fong Chung, Mark
Mr Xie Min
Madam Tam Wai Chu, Maria

AUDIT COMMITTEE

Mr Fong Chung, Mark *(Chairman)*
Mr Tong Ka Wing, Carl
Mr Xie Min
Madam Tam Wai Chu, Maria

REMUNERATION COMMITTEE

Mr Xie Min *(Chairman)*
Mr Chow Kam Fai, David
Madam Lam Fong Ngo
Mr Fong Chung, Mark
Madam Tam Wai Chu, Maria

NOMINATION COMMITTEE

Madam Tam Wai Chu, Maria *(Chairman)*
Mr Chow Kam Fai, David
Mr Sheldon Trainor-DeGirolamo
Mr Fong Chung, Mark
Mr Xie Min

AUTHORISED REPRESENTATIVES

Mr Sheldon Trainor-DeGirolamo
Mr Tong Ka Wing, Carl

COMPANY SECRETARY

Mr Chan Kin Man

REGISTERED OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Corporate Information

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MACAU

21/F, Macau Landmark Building
555 Avenida da Amizade
Macau

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Shop 102, 1/F, Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

HONG KONG LEGAL ADVISERS

Hogan Lovells

COMPLIANCE ADVISER

Anglo Chinese Corporate Finance, Limited

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Macau) Limited
Banco Nacional Ultramarino, S.A.
The Bank of East Asia, Limited — Macau Branch
Luso International Banking Limited
Bank of Communications Co., Ltd. — Hong Kong Branch

LISTING INFORMATION

Place of Listing

Main Board of The Stock Exchange of Hong Kong Limited

Stock Code

1680

Board Lot

1,000 shares

INVESTOR RELATIONS

Tel: (853) 2822 2211
Fax: (853) 2822 2266
Email: ir@macaulegend.com

WEBSITE

www.macaulegend.com

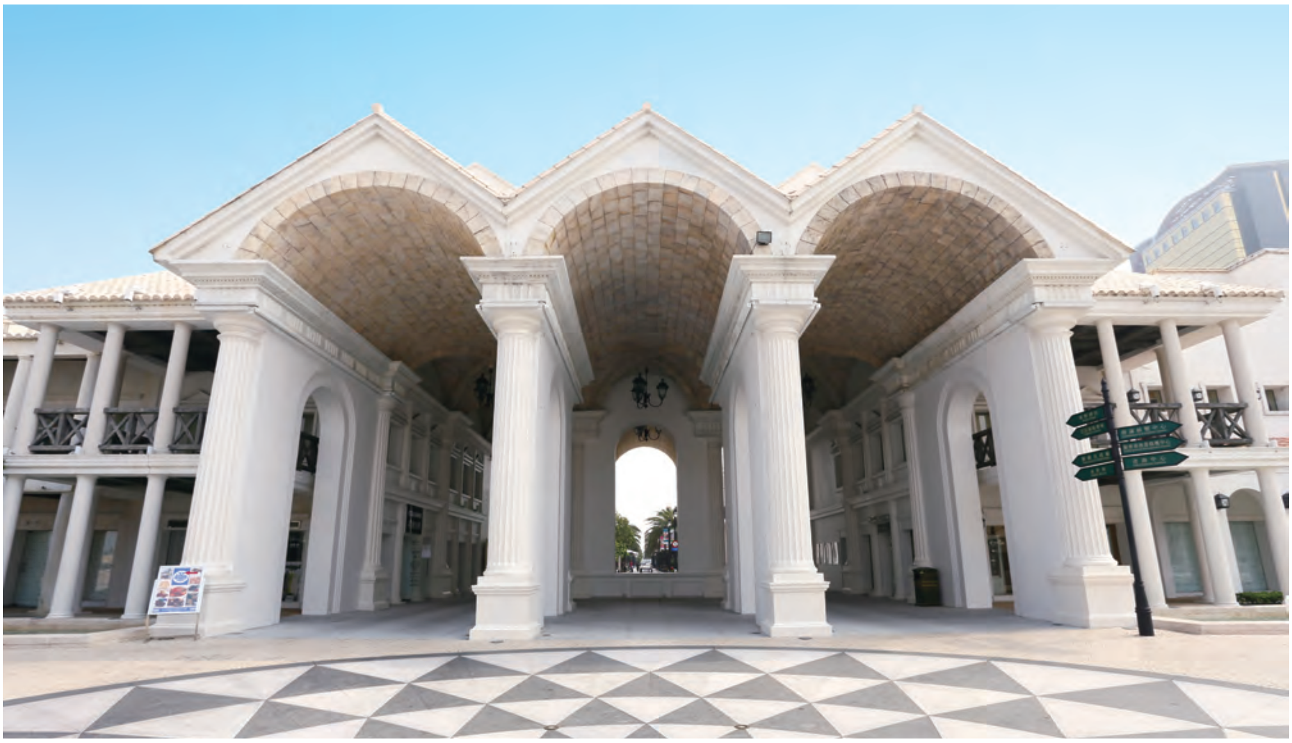
Corporate Profile

The Company was incorporated under the laws of the Cayman Islands on 5 October 2006. The Company acts as an investment holding company. The Group is one of the leading owners of entertainment and casino gaming facilities in Macau. The Group has 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, and MFW, a waterfront integrated gaming, hotel, convention and entertainment complex located on the outer harbour of the Macau Peninsula, which follows the "Leisure, Tourism, Economic and Multi-Cultural Diversification" policy of the government of the Macau Special Administrative Region of the PRC.

The Group's businesses include (i) the provision of gaming services to SJM in two major casinos on its properties, namely Pharaoh's Palace Casino in The Landmark Macau and Babylon Casino in MFW under the Service Agreement; and (ii) the operation of hotels, entertainment and leisure facilities within its properties.

MFW Redevelopment will increase the offerings of MFW and should attract a wider range of customers. MFW Redevelopment involves the redevelopment of existing facilities as well as the addition of new facilities, such as new casinos, Harbourview Hotel, Legend Palace Hotel, Legendale Hotel, general entertainment and cultural facility, a canopied open-air shopping, dining and entertainment colonnade, a yacht club at the marina, and other attractions.

Corporate Profile



On 18 May 2012, the Group completed the acquisition of the entire equity interest in MFW Investment. The MFW Group is principally engaged in operating MFW.

On 5 July 2013, 934,827,000 new Shares, representing 15% of its enlarged issued share capital immediately after the completion of the global offering, were issued at HK$2.35 per Share for cash through an initial public offering by way of Hong Kong public offer and international placing. Effective as of that date, the Shares have been listed on the Main Board of the Stock Exchange. The Company raised net proceeds of approximately HK$2.1 billion from the global offering.

On 16 January 2014, All Landmark entered into a placing agreement (the "Placing Agreement") and a subscription agreement (the "Subscription Agreement") with, among others, the Company. Pursuant to the Placing Agreement and the Subscription Agreement, 188,000,000 Shares (the "Placing Shares") were placed by All Landmark to certain independent professional, institutional and other investors (the "Placees") at HK$7.25 per Share and the same number of Shares was subscribed by All Landmark at the same price. The Placing Shares represented approximately 2.92% of the enlarged issued share capital of the Company after the allotment and issue of the new Shares pursuant to the Subscription Agreement. The placing of Shares by All Landmark to the Placees was completed on 21 January 2014 and 188,000,000 new Shares were allotted and issued by the Company to All Landmark on 24 January 2014. The net proceeds received by the Company from this top-up placement amounted to approximately HK$1.35 billion.

CHAIRMAN'S STATEMENT

Chairman's Statement

The past year has seen a strong growth in the Macau gaming industry, a result of increased visitation from the PRC and a general improvement in the macroeconomic environment on the Mainland. In 2013, Macau generated gross gaming revenue of approximately MOP360.7 billion, representing an approximately 18.6% increase over that of 2012. The Macau Peninsula continued to be a preferred tourist destination and this will likely continue as major infrastructure and transportation projects are to be developed over the next several years. We also expect more diversified offerings of non-gaming attractions for tourists as Macau diversifies its economy.

For the Group, the year was marked by a number of significant milestones, the most noteworthy being the listing on the Main Board of the Stock Exchange on 5 July 2013, through which the Company raised approximately HK$2.1 billion and the Shares being included as a composite stock of the MSCI Global Small Cap Indices since 25 November 2013. The very successful global offering of the Company invited growing capital market interest in the Company, as reflected in the more than trebled share price and more than HK$50 billion market capitalisation by the end of the year. Building on the positive momentum, the Company completed in January 2014 a top-up placement of 188,000,000 Shares which received overwhelming interests from the market. The Company raised approximately HK$1.35 billion from this top-up placement. Meanwhile, negotiations are underway with ICBC Macau for a five-year term loan facility of up to HK$4.0 billion. The net proceeds from the global offering, top-up placement and the new bank loan facility, together with the Company's internally generated funds, will provide ample capital to fund the MFW Redevelopment.

Overall, the Group's business continued to demonstrate strong growth in 2013, with revenue for the year increasing by approximately 17.5% to approximately HK$1,763.8 million, driven largely by growing revenue from both mass market and VIP gaming segments at Pharaoh's Palace Casino and the full-year consolidation of revenue from gaming services at Babylon Casino of the MFW Group in which the Group completed the acquisition of the entire equity interest on 18 May 2012. Adjusted EBITDA for 2013 was approximately HK$933.3 million, representing an approximately 24.4% increase over approximately HK$750.3 million in 2012.

During the year ended 31 December 2013, the Group has made progress in support of its business objectives as well as the goals set out by the Macau government to rebrand the city as a world-renowned tourist destination with a diversity of tourist offerings beyond gaming. The Group maintained the position as the largest leisure and entertainment complex operator on the Macau Peninsula and the renovation and redevelopment work at MFW is on schedule and on budget. The Group's first new hotel at MFW, the Harbourview Hotel, topped out in mid-November 2013, well ahead of its original schedule of first quarter of 2014. In line with the Group's unwavering commitment to upgrade The Landmark Macau, the Group has completed the renovation of all hotel guest rooms, refurbished a new VIP gaming room on the 2nd floor which has commenced its operation in January 2014. In addition, all lettable retail areas at The Landmark Macau have been leased out.

Chairman's Statement

The Group's business success comes from upholding to the vision and direction set by the Macau government. It is built on the foundation of a comprehensive and effective set of strategies, which the Group will continue to pursue to drive growth and return value to the shareholders of the Company. Collectively, these strategies include:

- Continue to drive robust growth in game drops by further upgrading the facilities and services at luxury locations to attract more premium customers;

- Build on the strength of the Group's diversified revenue based on non-gaming activities, including hotels, dining and shopping at the Group's integrated property offerings;

- Increase the number of hotel rooms to supplement the shortage of hotel rooms on the Macau Peninsula;

- Grow the indirect participation in the VIP gaming promotion business to gain greater control and share in the risks and rewards associated with the related gaming operations; and

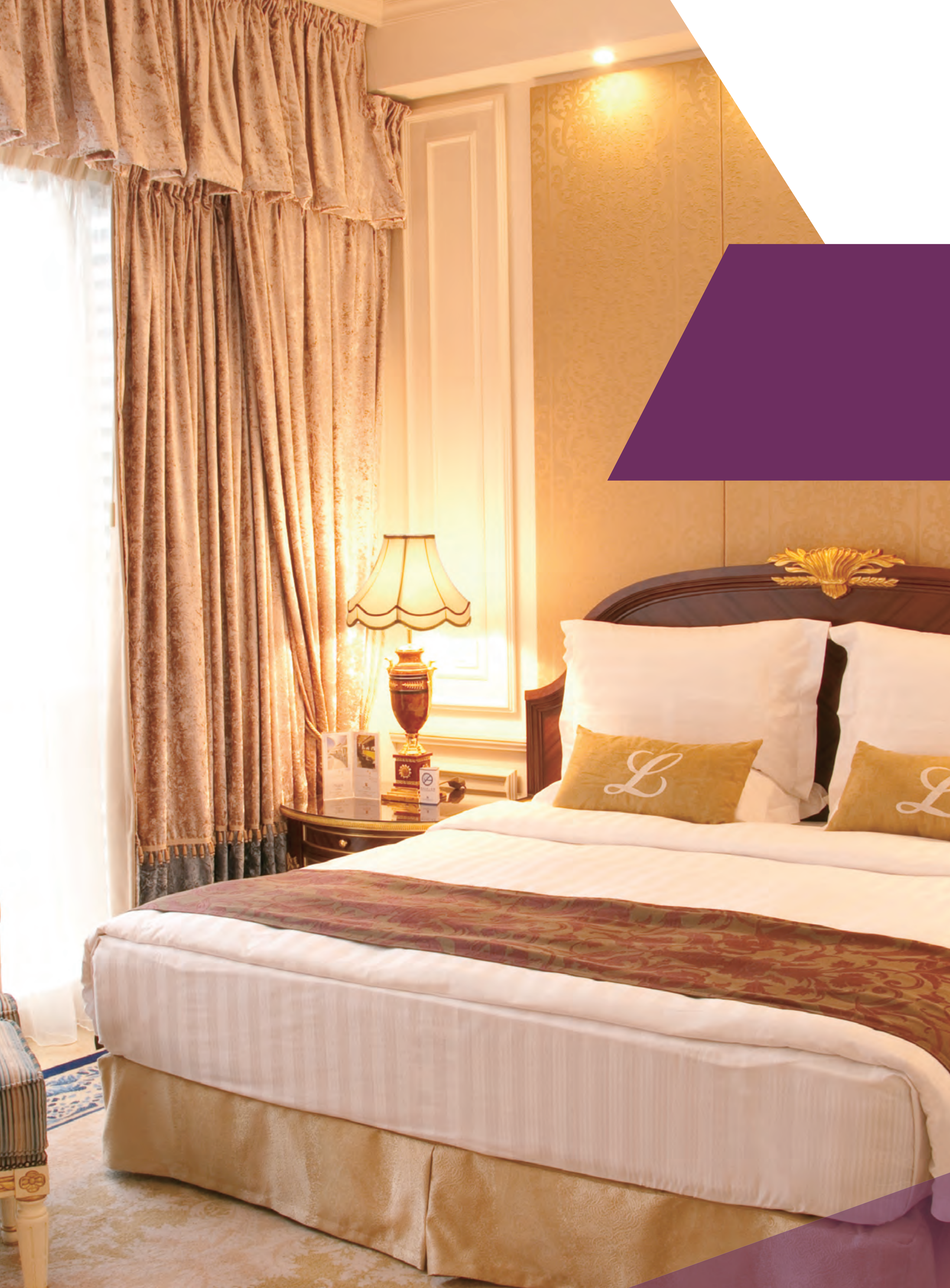
- Deploy more gaming tables by adding tables incrementally at the existing casinos and the new casino properties at MFW.

We would like to join the Board in thanking all of the Group's employees for their continued hard work and dedication. The Group is incredibly grateful for their tireless effort and commitment in the past year, and the Group is proud of the contribution each and every one of them has made. The Group would also like to express its appreciation to all of its business partners and shareholders for their support throughout the year.

Chow Kam Fai, David
Co-chairman, executive Director
and chief executive officer

Tong Ka Wing, Carl
Co-chairman and non-executive Director

18 February 2014



Classic, Elegance & Luxury

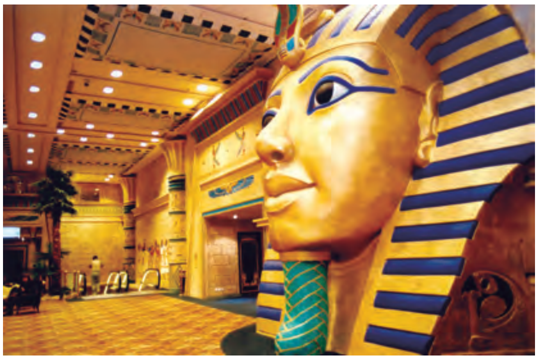
MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF RESULTS

For the year ended 31 December 2013, the Group achieved total revenue of approximately HK$1,763.8 million, representing an increase of approximately HK$262.7 million, or approximately 17.5% over that of 2012. Breakdowns of the Group's revenue for 2013 and 2012 are as follows:

	For the year ended 31 December	
	2013	2012
	HK$'000	HK$'000
Gaming services:		
— Pharaoh's Palace Casino	**1,131,819**	1,026,869
— Babylon Casino	**146,841**	84,573
Sub-total for gaming services	**1,278,660**	1,111,442
Non-gaming operations:		
— The Landmark Macau	**277,910**	266,626
— Macau Fisherman's Wharf	**207,184**	123,020
Sub-total for non-gaming operations	**485,094**	389,646
Total revenue	**1,763,754**	1,501,088

The Group's gaming revenue increased by approximately 15.0% during the year under review to approximately HK$1,278.7 million, driven largely by an increase in revenue from both the mass market and VIP gaming segments at Pharaoh's Palace Casino, and the full-year consolidation of revenue from gaming services at Babylon Casino of MFW Group in which the Company completed the acquisition of the entire equity interest on 18 May 2012. Non-gaming revenue increased by approximately 24.5% to approximately HK$485.1 million during the year under review, which was mainly due to the full-year consolidation of non-gaming revenue of MFW Group.



Adjusted EBITDA for 2013 was approximately HK$933.3 million, representing an approximately 24.4% increase over approximately HK$750.3 million in 2012. The following table reconciles the Adjusted EBITDA to the profit attributable to owners of the Company.

	For the year ended 31 December					
	2013			2012		
	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
Profit (loss) attributable to owners of the Company	**603,723**	**(93,844)**	**509,879**	622,576	(87,235)	535,341
Add:						
Finance costs	**58,946**	**25**	**58,971**	62,838	24	62,862
Depreciation of investment properties	**3,841**	**4,237**	**8,078**	3,840	2,621	6,461
Depreciation of property and equipment	**41,183**	**77,266**	**118,449**	48,493	48,728	97,221
Release of prepaid lease payments	**11,734**	**39,005**	**50,739**	11,734	23,161	34,895
Loss on disposal of property and equipment	**5,435**	**1,137**	**6,572**	—	—	—
Share-based payments	**51,915**	**—**	**51,915**	8,303	—	8,303
One-off costs incurred associated with the Listing	**97,953**	**6,760**	**104,713**	11,500	—	11,500
Less:						
Interest income	**(25,128)**	**(239)**	**(25,367)**	(2,015)	(158)	(2,173)
Tax charge (credit)	**3,300**	**(6,629)**	**(3,329)**	—	(4,105)	(4,105)
	852,902	**27,718**	**880,620**	767,269	(16,964)	750,305
Add:						
Contribution from New Legend for the Period (remark)	**52,713**	**—**	**52,713**	—	—	—
Adjusted EBITDA	**905,615**	**27,718**	**933,333**	767,269	(16,964)	750,305

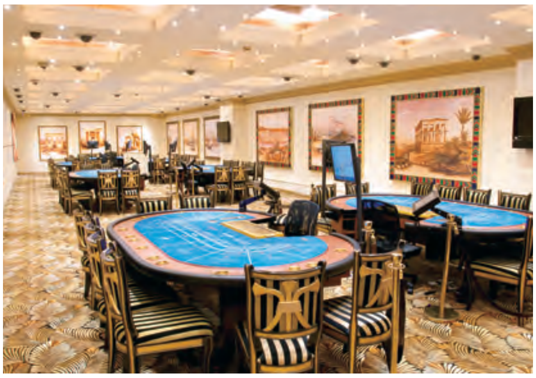
Remark: The adjustment, representing the net profit of New Legend for the period from 3 July 2013 (date of commencement of business of New Legend) to 31 December 2013 (the "Period"), was made to the Adjusted EBITDA as if the Group had obtained all relevant approvals for its indirect participation in the gaming promotion business through New Legend.

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

	For the year ended 31 December					
	2013			2012		
	The Group excluding MFW Group HK$'000	MFW Group HK$'000	Consolidated HK$'000	The Group excluding MFW Group HK$'000	MFW Group HK$'000	Consolidated HK$'000
Gaming services	941,452	34,130	975,582	763,818	18,679	782,497
Non-gaming operations	14,360	(6,412)	7,948	28,190	(35,643)	(7,453)
Sub-total	955,812	27,718	983,530	792,008	(16,964)	775,044
Unallocated corporate expenses	(50,197)	—	(50,197)	(24,739)	—	(24,739)
Adjusted EBITDA	905,615	27,718	933,333	767,269	(16,964)	750,305

The increase in Adjusted EBITDA in 2013, as compared to that of 2012, was mainly due to the increase in Adjusted EBITDA from the gaming operations of both Pharaoh's Palace Casino (including the contribution from New Legend for the Period) and Babylon Casino (which in turn was mainly due to full-year consolidation in 2013 but only for the period from 19 May 2012 to 31 December 2012 for 2012). The increase in Adjusted EBITDA in 2013 was offset by the decrease in Adjusted EBITDA from non-gaming operations at The Landmark Macau (which in turn was mainly due to renovation of hotel rooms, increase in marketing and promotional expenses to promote the hotel's business and upgrade of guest room amenities for the hotel in 2013).

In 2013, operations of MFW Group (including gaming and non-gaming) started to generate positive Adjusted EBITDA contribution to the Group of approximately HK$27.7 million (2012: negative Adjusted EBITDA of approximately HK$17.0 million).



The Group's net profit for the year was approximately HK$509.9 million, representing an approximately 4.8% decrease over approximately HK$535.3 million of 2012. The decrease was mainly due to (i) the increase in loss from MFW Group accounted for by the Group in 2013 when compared to that of 2012 (full-year consolidation for 2013 of approximately HK$93.8 million but only for the period from 19 May 2012 to 31 December 2012 for 2012 of approximately HK$87.2 million) as the Group completed the acquisition of MFW Investment on 18 May 2012; and (ii) the inclusion of the one-off costs incurred associated with the Listing in 2013 of approximately HK$104.7 million (2012: approximately HK$11.5 million).

FINANCIAL AND OPERATIONAL REVIEW

A. Gaming Services

The Group's revenue from gaming services consisted of service income received from SJM for services and facilities provided relating to mass market tables, VIP rooms and slot machines.

As at 31 December 2013 and 2012, the Group had the following number of gaming tables and slot machines in its two casinos:

	As at 31 December	
	2013	2012
Pharaoh's Palace Casino:		
— Mass market tables	**60**	60
— VIP tables	**67**	67*
— Slot machines	**205**	212
Babylon Casino:		
— Mass market tables	**23**	23
— Slot machines	**120**	78

* Included in the number as at 31 December 2012 was a total of 4 gaming tables which were temporarily not in operation.

For the year ended 31 December 2013, the Group achieved approximately HK$1,278.7 million revenue from gaming services, representing an increase of approximately 15.0% compared to that of approximately HK$1,111.4 million of 2012. Breakdowns of the Group's revenue from gaming services for 2013 and 2012 are as follows:

	For the year ended 31 December	
	2013	2012
	HK$'000	HK$'000
Mass market tables:		
— Pharaoh's Palace Casino	**995,469**	900,564
— Babylon Casino	**144,990**	83,897
	1,140,459	984,461
VIP rooms — Pharaoh's Palace Casino	**127,386**	110,810
Slot machines:		
— Pharaoh's Palace Casino	**8,964**	15,495
— Babylon Casino	**1,851**	676
	10,815	16,171
Total revenue from gaming services	**1,278,660**	1,111,442

The following tables set out certain key operational data of mass market tables, VIP tables and slot machines for 2013 and 2012:

Mass Market Tables

	Pharaoh's Palace Casino For the year ended 31 December			Babylon Casino For the year ended 31 December		
	2013	2012	*Change*	**2013**	2012	*Change*
	HK$'000	HK$'000	%	**HK$'000**	HK$'000	%
Games drop	**8,654,636**	8,029,080	*7.8*	**1,301,569**	1,223,856	*6.3*
Net win	**1,809,944**	1,637,389	*10.5*	**263,619**	285,453	*(7.6)*
Hold rate	**20.91%**	20.39%	*0.52*	**20.25%**	23.32%	*(3.07)*
Average number of tables	**60**	63	*(4.8)*	**23**	23	—
Net win per table per day	**83**	71	*16.9*	**31**	34	*(8.8)*

The Group's revenue from mass market tables for 2013 was approximately HK$1,140.5 million, representing an increase of approximately HK$156.0 million or approximately 15.8% over approximately HK$984.5 million of 2012. The increase was primarily attributable to the increase in revenue from mass market tables at Pharaoh's Palace Casino by approximately HK$94.9 million or approximately 10.5% to approximately HK$995.5 million which was in turn caused by the increase in both games drop and net win of the mass market tables at Pharaoh's Palace Casino. Net win per table per day of mass market tables at Pharaoh's Palace Casino in 2013 increased by approximately 16.9% to approximately HK$83,000 from approximately HK$71,000 of 2012.

The increase in revenue from mass market tables was also attributable to the full-year consolidation of revenue from gaming services of MFW Group at Babylon Casino amounting to approximately HK$145.0 million for 2013, but only approximately HK$83.9 million for the period from 19 May 2012 to 31 December 2012 for 2012.

VIP Tables

	Pharaoh's Palace Casino For the year ended 31 December		
	2013	2012	*Change*
	HK$'000	HK$'000	%
Games turnover	**227,586,525**	187,299,157	*21.5*
Net win	**6,369,266**	5,540,532	*15.0*
Win percentage	**2.80%**	2.96%	*(0.16)*
Average number of tables	**65**	57	*14.0*
Net win per table per day	**268**	268	—

The Group's revenue from VIP tables for 2013 was approximately HK$127.4 million, representing an increase of approximately HK$16.6 million or approximately 15.0% over approximately HK$110.8 million of 2012. This increase was primarily attributable to the increase in the average number of VIP tables which expanded to 65 in 2013 from 57 in 2012 and the increase in games turnover which increased to approximately HK$227.6 billion in 2013 from approximately HK$187.3 billion in 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2012, the Group carried out renovation and fitting out work in The Landmark Macau to refurbish and expand its gaming areas. During the renovation period, certain VIP tables were temporarily removed and relocated. Renovation of gaming areas was completed in end of 2012. Since 31 May 2013, a total of 12 tables were temporarily not in operation due to the suspension of operation of two VIP rooms on the 20th and 21st floors of The Landmark Macau. On 27 July 2013, a new VIP room on the 20th floor of The Landmark Macau with 6 tables commenced its operation. On 23 December 2013, one of the Group's best performing VIP rooms expanded its operation on the 2nd floor of The Landmark Macau by increasing its gaming tables to 17 from 13. On 1 January 2014, a new VIP room with 7 tables commenced its operation on the 2nd floor of The Landmark Macau. Up to the date of this annual report, the Group had a total of 8 VIP rooms at The Landmark Macau which were operated by designated gaming promoters, including New Legend.

In 2013, net win per table per day of VIP tables at Pharaoh's Palace Casino was approximately HK$268,000, which remained at a similar level with that of 2012. Games turnover of VIP tables at Pharaoh's Palace Casino increased to approximately HK$227.6 billion in 2013 from approximately HK$187.3 billion of 2012. However, win percentage of the VIP tables decreased from approximately 2.96% of 2012 to approximately 2.80% of 2013. All these resulted in similar level of net win per table per day of VIP tables at Pharaoh's Palace Casino in 2013 and 2012.

As disclosed in the Prospectus and the Company's announcement dated 31 December 2013, the Company intends to (i) diversify its business and indirectly participate in the gaming promotion business; and (ii) enter into arrangements whereby the Group will be permitted to indirectly participate in the gaming promotion business through a licensed gaming promoter, New Legend (the "Plan"). The Plan is subject to the approvals from (i) the DICJ, (ii) the Stock Exchange and (iii) the independent shareholders of the Company.

In June 2013, New Legend, a company established by Mr Yip Wing Fat, Frederick, executive vice president, head of casino operations of the Company, was awarded a gaming promotion license and New Legend has commenced its operation of a VIP room (as one of the outsourced VIP rooms of the Group) at The Landmark Macau since 3 July 2013.

On 6 February 2014, the Group obtained the approval from the DICJ in relation to the Plan through New Legend. As at the date of this annual report, the Plan is still subject to the approval from the Stock Exchange and the independent shareholders of the Company.

Upon receipt of all the above approvals, the Company intends to enter into agreements with Mr Yip Wing Fat, Frederick and New Legend, pursuant to which, among others, New Legend shall agree to transfer to the Group all profits accrued by New Legend since 3 July 2013 (date of commencement of business of New Legend) up to the date when the Plan is implemented. Upon implementation of the Plan, the financial results of New Legend will be consolidated into the consolidated financial statements of the Group.

The net profit of New Legend for the Period based on its unaudited financial statements was approximately HK$52,713,000.

Slot Machines

	Pharaoh's Palace Casino For the year ended 31 December			Babylon Casino For the year ended 31 December		
	2013 **HK$'000**	2012 HK$'000	*Change* %	**2013** **HK$'000**	2012 HK$'000	*Change* %
Slot handle	**627,599**	775,532	*(19.1)*	**106,035**	17,766	*496.8*
Net win	**30,388**	43,891	*(30.8)*	**5,282**	2,648	*99.5*
Hold rate	**4.84%**	5.66%	*(0.82)*	**4.98%**	14.90%	*(9.92)*
Average number of slot machines	**209**	258	*(19.0)*	**99**	78	*26.9*
Net win per slot machine per day	**0.4**	0.5	*(20.0)*	**0.1**	0.1	—

The Group's revenue from slot machines at Pharaoh's Palace Casino for 2013 decreased by approximately 42.1% to approximately HK$9.0 million from approximately HK$15.5 million of 2012. This decrease was mainly caused by a reduction in the Group's average number of slot machines in 2013 when compared to that of 2012.

On 1 February 2013, the Group entered into an agreement (the "Slot Hall Agreement") with Weike (G) Management Macau Limited (now known as CY Management Limited, "Weike"), a third party slot machine vendor and operator. Pursuant to the Slot Hall Agreement, the Group agreed to engage Weike to install and service the slot machines in the casino and other gaming areas in The Landmark Macau. The Group agreed to pay Weike a monthly performance bonus, being 70% of the Group's gross slot win from the slot machines in The Landmark Macau subject to a guarantee from Weike to the Group of a minimum monthly gross slot win of HK$700,000.

B. Non-gaming Operations

The Group's revenue from non-gaming operations for 2013 increased to approximately HK$485.1 million from approximately HK$389.6 million in 2012, representing an increase of approximately 24.5%. Out of the total non-gaming revenue, revenue from The Landmark Macau accounted for approximately HK$277.9 million or approximately 57.3% of the total non-gaming revenue (2012: approximately HK$266.6 million or approximately 68.4%); and MFW accounted for approximately HK$207.2 million or approximately 42.7% of the total non-gaming revenue (2012: approximately HK$123.0 million or approximately 31.6%).

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

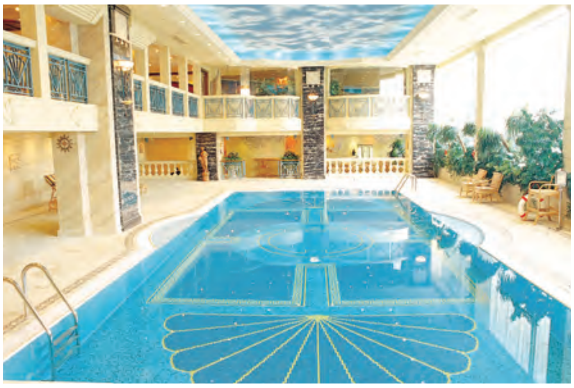
	For the year ended 31 December					
	2013			2012		
	The Group excluding MFW Group HK$'000	**MFW Group HK$'000**	**Consolidated HK$'000**	The Group excluding MFW Group HK$'000	MFW Group HK$'000	Consolidated HK$'000
Rental income from hotel rooms	**119,449**	**24,139**	**143,588**	121,804	13,289	135,093
Licensing income from investment properties	**37,788**	**34,511**	**72,299**	35,328	13,620	48,948
Income from building management services	**45,518**	**17,445**	**62,963**	34,726	8,202	42,928
Food and beverage	**70,275**	**88,595**	**158,870**	69,158	63,534	132,692
Sales of merchandise	**—**	**40,150**	**40,150**	—	22,506	22,506
Others	**4,880**	**2,344**	**7,224**	5,610	1,869	7,479
Total non-gaming revenue	**277,910**	**207,184**	**485,094**	266,626	123,020	389,646

The increase in non-gaming revenue was primarily attributable to the full-year consolidation of non-gaming revenue from MFW Group in 2013 but only for the period from 19 May 2012 to 31 December 2012 for 2012.

The following table sets out certain key operational data on hotel operations of the Group for 2013 and 2012:

	For the year ended 31 December	
	2013	2012
The Landmark Macau		
Occupancy rate (%)	**94.2**	85.3
ADR (HK$)	**1,191.6**	1,120.0
REVPAR (HK$)	**1,122.6**	955.4
Rocks Hotel		
Occupancy rate (%)	**84.3**	75.1
ADR (HK$)	**1,361.2**	1,392.3
REVPAR (HK$)	**1,147.5**	1,045.6

The Landmark Macau



With 439 rooms and suites, and located in the heart of the Macau Peninsula, The Landmark Macau is one of the largest and best located five-star hotels in Macau. As part of an integrated complex, the property offers not only luxurious accommodation, but also a broad array of dining, gaming and shopping experiences.

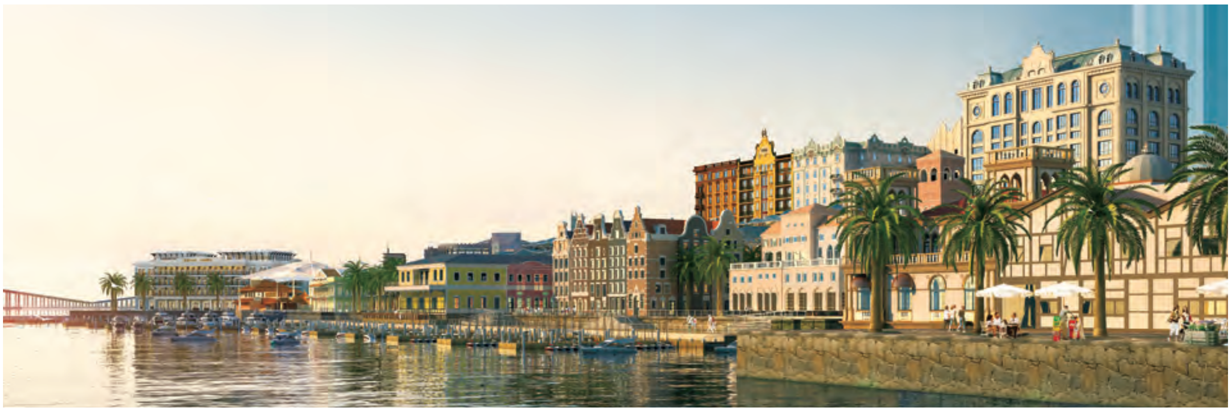
Both the occupancy rate and ADR of The Landmark Macau have increased whereas revenue from hotel rooms declined in 2013 by approximately 1.9%. This was due to the ongoing renovation work at The Landmark Macau, which resulted in a reduction of available rooms for lease and in turn increasing the occupancy rate (being number of occupied rooms divided by number of available rooms) in 2013. On the other hand, daily room rates for the refurbished rooms were marked up, translating into higher ADR in 2013. By January 2014, all hotel rooms at The Landmark Macau had been refurbished and put into operation. In addition, all lettable retail areas at The Landmark Macau have been leased out.

Macau Fisherman's Wharf

MFW is located along Macau's outer harbour, a 5-minute walk from the Macau Ferry Terminal. It is the largest leisure and entertainment complex on the Macau Peninsula, and features Babylon Casino, convention and exhibition centre, Rocks Hotel, a marina, a theme park and dining, shopping and entertainment facilities.

MFW attracted a total of approximately 4,105,000 visitors in 2013, representing an increase of approximately 14.9% from approximately 3,572,000 in 2012. In July, August and December, which is the peak season, of 2013, the number of visitors reached approximately 500,000 each month.

Rocks Hotel is a small boutique hotel with 72 guest rooms and suites modelled on the Victorian-era that coddles its guests in the elegance and charm of the 18th century. The occupancy rate for 2013 was approximately 84.3%, representing an increase of approximately 9.2% over that of 2012, whereas ADR for 2013 decreased by approximately HK$31.1 from approximately HK$1,392.3 to approximately HK$1,361.2. This was largely the result of successful marketing amid increased competition in the Macau hospitality industry.

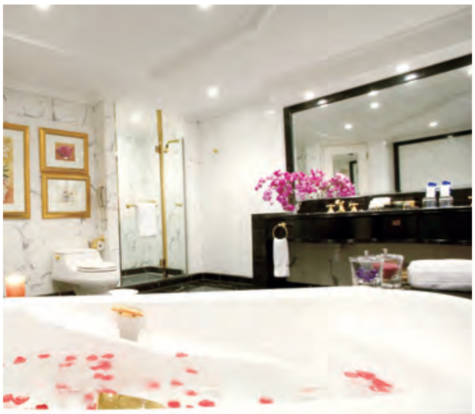


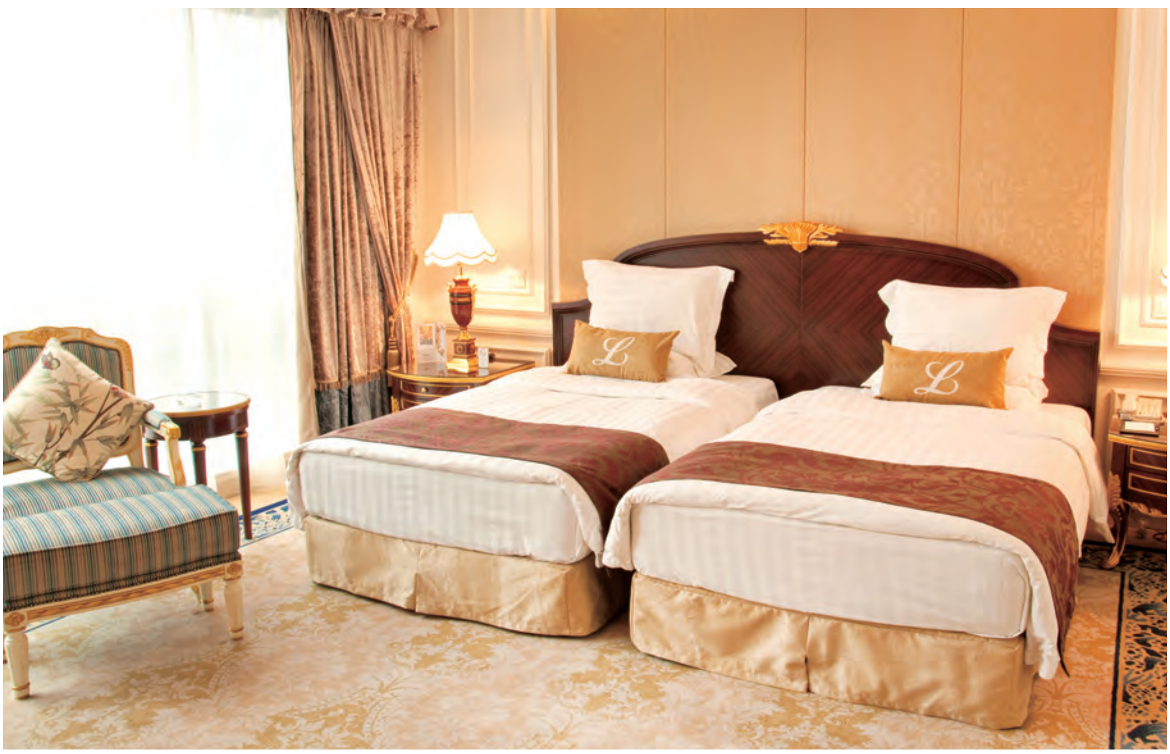
C. Project Updates

(a) Renovation of The Landmark Macau

The Landmark Macau has been undergoing a significant makeover during the year ended 31 December 2013 to enhance the revenue generating potential of the property and ensure consistent luxury experience for the guests. By January 2014, all guest rooms had been refurbished.

In addition to the above, the renovation plans also include expanding the lobby, adding retail space, redesigning and installing exterior lighting and signage which are being undertaken at various stages and are expected to be completed by around the first half of 2014.





(b) MFW Redevelopment

The large-scale redevelopment of MFW progressed according to plan during the year ended 31 December 2013, and the first new hotel project — Harbourview Hotel — was moving ahead of schedule, with an anticipated opening date in the third quarter of 2014, one quarter ahead of the original schedule. In mid-November 2013, superstructure of Harbourview Hotel topped out and construction of the hotel was continuing apace.

In addition to the above, the Group also made progress on other projects of the MFW Redevelopment. The table below provides further details on the status of ongoing construction projects as part of the MFW Redevelopment.

Buildings/Facilities	Brief Description	Progress	Target Completion Date
Harbourview Hotel	A four-star hotel modelled after the 18th century architecture of Prague with 445 rooms and suites	Topped out in mid-November 2013, ahead of original schedule of 1Q 2014	3Q 2014
Legend Palace Hotel	A five-star deluxe medieval Persian-themed hotel with 229 rooms and villa garden suites	Tang Dynasty complex fully demolished by the end of 2013, ahead of original schedule of 1Q 2014	2Q 2015
Legendale Hotel	A flagship five-star deluxe rating hotel modelled after the Neo-Renaissance style of architecture of mid-17th century Vienna with around 500 rooms	In the final stage of completing the plans for submission to the Macau government Demolition and site preparation is expected to commence in 1Q 2014 and construction is scheduled to commence in 1Q 2014	3Q 2016
General entertainment and cultural facility	A dinosaur museum is to be constructed with indoor and outdoor convention/exhibition halls and an interactive movie theatre	A supply and technical assistance agreement has been entered into between Macau Animal Fossil Preservation Association and the Group in relation to the building of the dinosaur museum in MFW and the sales, provision and leasing of dinosaur fossils for display at the dinosaur museum in MFW	4Q 2015

Buildings/Facilities	Brief Description	Progress	Target Completion Date
Yacht club and public pier for harbour cruises	Further development of the marina to increase the size of its mooring area and inclusion of a yacht club with immigration facilities	In discussion with relevant government authorities in relation to the construction work and commenced negotiations with contractors	4Q 2014
Canopied open-air shopping, dining and entertainment colonnade	A variety of retail and al fresco dining options and entertainment	In design planning stage and commenced negotiations with contractors	4Q 2014
Redevelopment of existing facilities	Refurbishment and addition of facilities to certain buildings including Babylon Casino and Rocks Hotel, construction of new parking facilities for shuttle buses and coaches, addition of fine dining and family style restaurants and building of a canopy	Refurbishment work on existing buildings is expected to commence in 1Q 2014	3Q 2014

(c) Cooperation with Dynam

On 23 August 2013, the Company entered into a non-binding Memorandum of Understanding for Business Cooperation (the "MOU") with Dynam Japan Holdings Co., Ltd. ("Dynam"), the parent company of Dynam Hong Kong Co., Limited. Pursuant to the MOU, Dynam will establish and operate a minimum of 100 next generation pachinko machines and other electronic games (the "Electronic Games") at various locations in MFW, subject to receiving necessary approvals from the Macau government. Dynam will share with the Group the net revenue payment that the Group receives from SJM under the Service Agreement from the operation of these Electronic Games.

In addition, the MOU also provides that Dynam will enter into a marketing joint venture with the Group, under which it will market the Group's hotels and casinos in Macau to its mass and premium mass customers in Japan and Korea. Dynam will also provide consulting advice on new Japanese and Korean food and beverage, and leisure and entertainment facilities to be introduced into MFW.

The MOU shall be terminated on six months from the date of the MOU unless otherwise agreed to extend by both parties. The parties shall negotiate in good faith the terms of the formal agreements relating to the above matters.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

The Group is confident in the long-term prospects of the Macau gaming industry given the continued rise of the mainland Chinese middle class, and the continued diversification of Macau's offerings to visitors.

Against this backdrop, the Group believes that the Macau gaming industry will remain buoyant. The Group expects the VIP segment to continue to benefit from a stable macroeconomic environment and housing market in China, while relaxed visa requirements will continue to drive visitation that is key to the strong growth in the mass market segment. The Group expects continued investment in infrastructure from the Macau government and favourable policies in support of building Macau as a tourist hub for entertainment and leisure activities as well as a global centre for MICE (meetings, incentives, conventions and exhibitions) events. The Group is poised to benefit from major infrastructure and transportation projects due to be completed in the coming years, such as the improved Macau-Zhuhai border crossing, the Macau Light Rail System, and the Hong Kong-Zhuhai-Macau bridge. The Group also believes that its strategy to offer centrally located, integrated entertainment complexes that cater to different market segments is well aligned with the intensified efforts of the Macau government to build Macau as a tourist destination beyond just a gaming hub that it is today by developing family entertainment, food and beverage, shopping, cultural and educational experiences.

The Group will continue its plan to redevelop MFW and it is on schedule to accomplish the bulk of construction work in the coming two to three years. Upon completion of the MFW Redevelopment, the Group's hotel rooms will increase to nearly 1,700 and the number of gaming tables at the casinos in The Landmark Macau and MFW is expected to increase to 500.

The Group remains committed to the successful and on-schedule completion of the MFW Redevelopment. The Group will also actively seek opportunities for business expansion so as to maximise value for its shareholders, partners and customers.

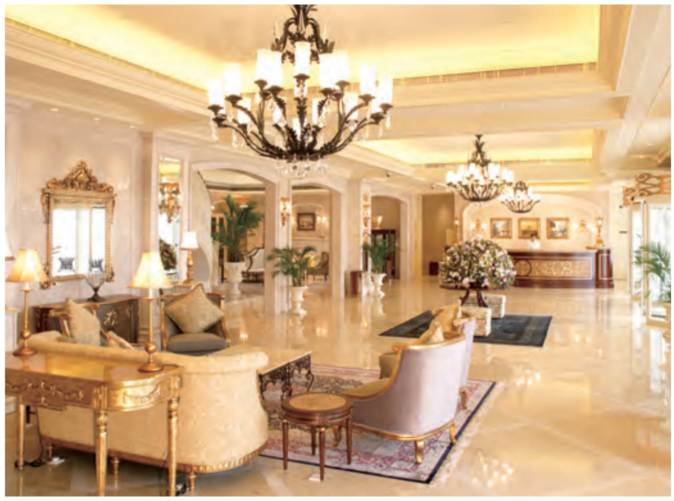
LIQUIDITY AND CAPITAL RESOURCES

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

As at 31 December 2013, the consolidated net assets attributable to owners of the Company amounted to approximately HK$5,596.5 million, representing an increase of approximately HK$272.0 million from approximately HK$5,324.5 million as at 31 December 2012. The increase in consolidated net assets in 2013 was mainly due to the net proceeds raised from the global offering of approximately HK$2,154.5 million (recorded directly through equity) and net profit for the year of approximately HK$509.9 million which was offset by the dividend payout prior to the Listing of approximately HK$2,446.6 million in 2013.

In January 2014, the Company completed a top-up placement of 188,000,000 new Shares and raised net proceeds of approximately HK$1,351 million. Further details of the top-up placement are set out in the Company's announcement dated 16 January 2014.

Bank Balances and Cash



As at 31 December 2013, bank balances and cash held by the Group amounted to approximately HK$1,859.6 million (including pledged bank deposits of approximately HK$20.6 million), of which approximately 69% was denominated in RMB and the remaining approximately 31% was denominated mainly in HK$ and MOP. Given MOP are pegged to HK$, the Group considers the exposure to exchange rate risk is nominal for its bank balances and cash denominated in MOP. The Group's bank deposits denominated in RMB are subject to exchange rate risk as the exchange rate of RMB to HK$ may fluctuate significantly.

The Company completed a global offering with its shares listed on the Stock Exchange with effect from the Listing Date from which the Company raised net proceeds of approximately HK$2.1 billion. In order to enhance better yield for the portion of the proceeds not expected to be utilised in the near term, the Group has placed these funds at banks in Hong Kong and Macau as HK$ or RMB fixed deposits with maturities ranging from 3 to 12 months. As at 31 December 2013, a total of approximately HK$1,474.0 million had been placed as fixed deposits at banks in Hong Kong and Macau, including approximately HK$1,284.0 million in RMB and approximately HK$190.0 million mainly in HK$, at an average annualised interest rate of approximately 3.3%.

MANAGEMENT DISCUSSION AND ANALYSIS

Borrowings

As at 31 December 2013, the Group had outstanding secured and unguaranteed bank borrowings of approximately HK$1,404.5 million. The maturity profile of the bank borrowings of approximately HK$1,404.5 million was spread over a period of less than 5 years with approximately HK$355.8 million repayable within one year, approximately HK$365.8 million repayable in the second year and approximately HK$682.9 million repayable in the third to fifth years. The Group's bank borrowings carried interest at prevailing market rates and on floating rate basis. In addition, these bank borrowings were denominated in either HK$ or MOP. As MOP is pegged to HK$, the Group does not expect any significant foreign currency exposure in respect of its bank borrowings as at 31 December 2013.

On 31 December 2013, the Group entered into a letter of intent (the "Letter of Intent") with ICBC Macau for a five- year term loan facility in the amount of up to HK$4,000,000,000, part of which will be used to refinance the existing bank loan facilities (amounting to approximately HK$1,324 million as at the date of this annual report). Under the Letter of Intent, the Group appointed ICBC Macau, also the lead arranger for the existing bank loan facilities, as the mandated lead arranger for arranging a syndicate of lenders, facility agent and security agent for the facility. On 11 February 2014, the Group entered into the letter of mandate (the "Letter of Mandate") with ICBC Macau. It was further provided in the Letter of Mandate that subject to (i) the result of syndication; or (ii) the mutual agreement between the Group and ICBC Macau, the final total amount under the facility may be increased up to 115% of the facility amount (that is, up to HK$4,600,000,000). The Directors expect that loan documentations will be entered into and the first drawdown will be made around the first quarter of 2014. Further details of the new loan facility are set out in the Company's announcement dated 11 February 2014.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

Trading of the Company's Shares on the Stock Exchange commenced on 5 July 2013, and the Group raised net proceeds of approximately HK$2.1 billion from the global offering. The Group intends to apply such proceeds in a manner consistent with the intended use of proceeds as disclosed in the Supplemental Prospectus and the announcement made by the Company on 4 July 2013 (the "Announcement"). Details of the intended use of proceeds are set out in the Supplemental Prospectus and the Announcement. As at 31 December 2013, the Group had applied approximately HK$199.8 million, HK$199.7 million and 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 and the Announcement.

CHARGE ON THE GROUP'S ASSETS

As at 31 December 2013, certain assets of the Group were pledged to secure credit facilities and use of electricity granted to the Group, including investment properties with a total carrying amount of approximately HK$257.0 million, buildings with a total carrying amount of approximately HK$1,684.6 million, prepaid lease payments with a total carrying amount of approximately HK$1,826.5 million, trade receivables of approximately HK$23.2 million and bank deposits of approximately HK$20.6 million.

GEARING

The Group's gearing ratio (expressed as a percentage of total interest-bearing liabilities over total equity as at the end of the reporting period) was approximately 25.1% as at 31 December 2013 (31 December 2012: approximately 32.6%). The decrease in gearing ratio of the Group in 2013 was mainly due to the continued installment repayment of interest-bearing liabilities and the increase in total equity of the Group in 2013. No new interest-bearing liabilities were incepted by the Group in 2013.

HEDGING, ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

During the year ended 31 December 2013, the Group did not (i) employ any financial instruments for hedging purposes; (ii) undertake any material acquisitions or disposals of assets, business or subsidiaries; or (iii) make any significant investments.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 31 December 2013 are set out in note 35 to the consolidated financial statements of the Group.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

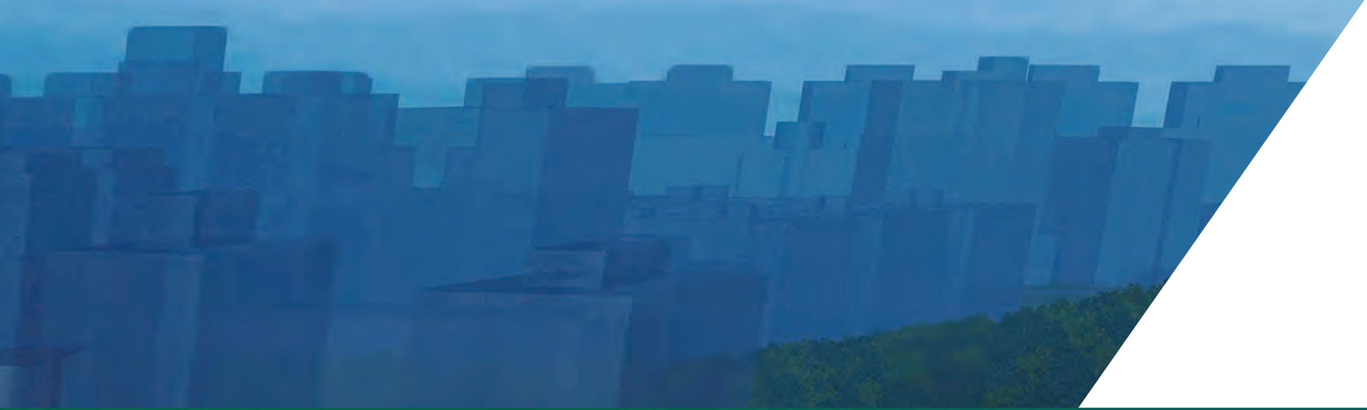
As at 31 December 2013, the Group had capital commitments which are authorised but not contracted for in respect of the renovation work of The Landmark Macau and the MFW Redevelopment of approximately HK$231.2 million (31 December 2012: approximately HK$429.0 million) and approximately HK$7,856.6 million (31 December 2012: approximately HK$6,630.3 million) respectively. In addition, as at 31 December 2013, the Group had capital commitments in respect of acquisition of property and equipment and construction in progress which are contracted but not provided for in the amount of approximately HK$251.3 million (31 December 2012: approximately HK$20.2 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2013, the Group had a total of approximately 2,940 employees, including approximately 1,310 gaming operation employees who are employed and paid by SJM but over whom the Group exercises oversight in accordance with the Service Agreement. The Group reimbursed SJM in full for the salaries and other benefits of these gaming operation employees.

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

LEGENDALE HOTEL



Culture, entertainment & Leisure

Directors and Senior Management

DIRECTORS

Executive Directors

Mr Chow Kam Fai, David, age 63, has been a Director since October 2006 and the chief executive officer of the Company since December 2006. Mr David Chow became a co-chairman of the Company and an executive Director on 31 May 2012. He is also a member of both the Remuneration Committee and the Nomination Committee. He has had more than 30 years of experience in the gaming, gaming promotion, entertainment and hospitality industries prior to founding the Company's business. He was engaged in the provision of gaming promotion services for junket room operations for Sociedade de Turismo e Diversões de Macau, S.A. ("STDM") in the 1980s. In 1992, Mr David Chow, together with Madam Lam and Mr Li Chi Keung, established Hong Hock to engage in real estate operations in Macau. Under Mr David Chow's management, Hong Hock opened The Landmark Macau to provide rental, management and dining services for the use of the premises, facilities and services of the Group to SJM for their VIP room operations. In 2006, Mr David Chow expanded Hong Hock's operations and caused Hong Hock to enter into the Service Agreement with SJM and has since managed and directed Hong Hock's gaming services provision operations. In 2000, Mr David Chow, together with Dr Stanley Ho and Madam Lam, incorporated MFW Investment to develop and operate MFW. He has been instrumental to the development and operations and the proposed redevelopment of the hotels and entertainment facilities in MFW.

Mr David Chow has been actively involved in community service. He founded Macau Association of Retailers and Tourism Services (澳門旅遊零售服務業總商會) in 1998. Mr David Chow was elected as a legislator of the Macau Government in 1996, 2001 and 2005, and has been a member of the Macau Chief Executive Election Committee in 2004 and 2009. He established the Travel Industry Council of Macau in 2001 and has been serving as the vice president of Macau Region of the Council since 2011. In 2007, Mr David Chow's experience and contribution to Macau's tourism industry were recognised when he was awarded the title of Top Ten Talent (Construction) in China for the year 2006 (2006 年中國十大建設英才) and the Order of Merit for Tourism (旅遊功績勳章) by the Macau government for his contribution to the tourism industry. In February 2013, Mr David Chow's contribution to Macau and the PRC was further recognised by his appointment as a member of the 12th National Committee of Chinese People's Political Consultative Conference of the PRC.

In addition to the Group, Mr David Chow also manages other hospitality businesses in the PRC. He has been the chairman of the board of directors of Beijing Hua Hai Jin Bao Real Estate Development Co. Ltd. (北京華海金寶房地產開發有限公司) since 2008, which has, since 2007, owned and managed the award winning five-star Legendale Hotel Beijing.

Mr David Chow is a son of Madam Lam, an executive Director, the vice chairman and a controlling shareholder of the Company. The discloseable interest of Mr David Chow in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executives' Interests" under the Directors' Report of this annual report.

Madam Lam Fong Ngo, age 86, has been a Director since December 2006. Madam Lam became an executive Director and the vice chairman of the Company on 31 May 2012. She is also a member of the Remuneration Committee. She has also been the vice chairman of MFW Investment since August 2000. Madam Lam has more than 30 years of experience in the Macau gaming industry and has worked for STDM since the 1980s. Madam Lam founded Associação Geral de Ópera Chinesa e Arte Musical de Macau (澳門粵劇曲藝總會) in 2004 and has since served as its chairperson. Madam Lam participates in community work in Macau and has served as a member of the Macau Chief Executive Election Committee in 2004 and 2009. She was awarded the Medal of Cultural Merit (文化功績勳章) in 2009 by the Macau government and was conferred the title of honorary citizen of Guangzhou (廣州市榮譽市民) by the Guangzhou People's Congress.

Madam Lam is the mother of Mr David Chow, an executive Director, a co-chairman, the chief executive officer and a controlling shareholder of the Company. The discloseable interest of Madam Lam in the Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executives' Interests" under the Directors' Report of this annual report.

Mr Sheldon Trainor-DeGirolamo, age 50, has been a Director since 18 May 2012. He is also a member of the Nomination Committee. Mr Trainor has been licensed by the Securities and Futures Commission since 1994 as an investment representative before the SFO came into effect and as a representative under the SFO to carry out Type 6 Regulated Activity (Advising on Corporate Finance). He obtained a bachelor's degree in commerce at the University of British Columbia in 1988 and has more than 20 years of experience in financial advisory services. He served a number of leading investment banks and has extensive experience in raising capital for casino, leisure and property companies in Asia. He worked at Credit Suisse Management (Australia) PTY Limited between 1990 and 1994 and last served as an associate in the investment banking division. He then served within Morgan Stanley group of companies between 1994 and 2005 and last served as a managing director in the investment banking division of Morgan Stanley Asia Pacific Holding Ltd. Mr Trainor worked at Merrill Lynch between 2005 and 2009 as a managing director and had been involved in the Group's financing projects in such capacity since 2005. He founded PacBridge Capital Partners (HK) Limited in 2009. As its director and responsible officer, Mr Trainor is primarily responsible for the execution of both corporate advisory and principal investment transactions.

The discloseable interest of Mr Trainor in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executives' Interests" under the Directors' Report of this annual report.

Non-executive Director

Mr Tong Ka Wing, Carl, age 63, was appointed as a co-chairman of the Company and non-executive Director on 18 May 2012. He is also a member of the Audit Committee. Mr Tong became an associate of the HKICPA in 1981, an associate of the Institute of Chartered Accountants in England and Wales in 1980 and an associate member of the Institute of Motor Industry in 1973. He worked with Arthur Andersen between 1977 and 1985 and as vice president of Citibank, N.A. between 1985 and 1987. He was a director of Asia Television Limited between 1990 and 1991. He founded Carl Tong & Associates Management Consultancy Limited in 1987 which is engaged in management consultancy business. He is also a director and chief executive officer of UNIR (HK) Management Limited, a management service company wholly-owned by Ms Chan Un Chan. In addition, Mr Tong has been actively engaged in community service. He served as Member for the Central and Western District Board of Hong Kong between 1982 and 1988, and was a member of the Legislative Council of Hong Kong between 1984 and 1985. Mr Tong has been an executive director and chief executive officer of Creative Master Bermuda Limited between 2003 and 2013, and was the chairman and chief executive officer of Creative Master International Inc. between 1997 and 2000. He served as an independent non-executive director of eSun Holdings Limited (SEHK: 0571) between 2004 and 2011, and non-executive director at Crocodile Garments Limited (SEHK: 0122) between 2007 and 2012.

The discloseable interest of Mr Tong in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executives' Interests" under the Directors' Report of this annual report.

Independent non-executive Directors

Mr Fong Chung, Mark, age 62, was appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of both the Remuneration Committee and the Nomination Committee on 5 June 2013. Mr Fong obtained a bachelor's degree in science from the University College, London in August 1972 and a master's degree in science from the University of Surrey in December 1973. Mr Fong has almost 30 years of experience in professional accountancy. He has been a fellow of the Institute of Chartered Accountants in England and Wales since January 1983 and a fellow of HKICPA since March 1986. He was the president of HKICPA in 2007 and has been a member of its audit committee in 2012. Mr Fong served as the executive director of China Development of Grant Thornton International Ltd. between 2009 and 2013 and retired from this position with effect from 1 January 2014.

Mr Fong is actively involved in community services. He was a director of Po Leung Kuk, a charity organisation in Hong Kong, between 1993 and 1996, and was elected as a member of the Legislative Council Election Committee of Hong Kong for Accountancy Subsector in 2000. He has been serving as an Honorary Judge of the Hong Kong Jockey Club since 1996 and a member of the Small and Medium Enterprises Development Fund Vetting Committee of the Trade and Industry Department of Hong Kong since 2008.

Mr Fong has been an independent non-executive director of Sinopec Kantons Holdings Limited (SEHK: 0934) since 2004, and New China Life Insurance Company Ltd. (SEHK: 1336) since 2011. He is also a non-executive director of Worldsec Limited (LON: WSL).

Mr Xie Min, age 55, was appointed as an independent non-executive Director, the chairman of the Remuneration Committee and a member of both the Audit Committee and the Nomination Committee on 5 June 2013. Mr Xie obtained a master's degree in economics from the University of International Business and Economics of the PRC in 1987. In 1993, he was awarded a master's degree in business administration by New York University. Between 1993 and 1994, he completed the International Tax Program at Harvard Law School and the Investment Appraisal and Management Program at the Harvard Institute for International Development, and obtained a master's degree in public administration from Harvard Kennedy School of Government. Mr Xie has over 20 years of experience in private equity and mergers and acquisitions. He has extensive experience in deal structuring, post-deal business integration and restructuring of both Chinese state-owned entities and private enterprises. He also held senior positions at various listed enterprises and international private equity funds and institutions. He served as the chief investment officer of TOM.COM INTERNATIONAL LIMITED, a wholly-owned subsidiary of TOM Group Limited (SEHK: 2383) between 2001 and 2004. He was the managing director and head of private equity division at BOCI Asia Limited between 2004 and 2006, and the managing director and head of China private equity at Macquarie Services (Hong Kong) Limited in 2006. He became the managing director of Avenue Asia HK, Limited — Hong Kong Representative Office between 2008 and 2011. Mr Xie is currently a director of China Capital Advisors Limited and has been the vice chairman of the Investment Review Committee of Chinastone Capital Management Limited since April 2012; and a director of Triple Master Investment Holdings Limited, which has been engaged as an advisor to Apax Partners LLP since March 2012, advising them on their private equity business development in China.

Mr Xie has also been actively involved in community service. He is currently the chief advisor of the China Enterprise Chairmen Association (中華全國理事長協會) and the Cross Strait Enterprises Association in Taiwan (中華海峽兩岸企業交流協會), the chairman of Harvard Kennedy School China Alumni Association, and a visiting professor of international investment and a member of the board of University of International Business and Economics. Mr Xie was also a member of the 10th Henan Provincial Committee of the Chinese People's Political Consultative Conference of the PRC.

Madam Tam Wai Chu, Maria, age 68, was appointed as an independent non-executive Director, the chairman of the Nomination Committee and a member of both the Audit Committee and the Remuneration Committee on 5 June 2013. Madam Tam obtained an Honorary Doctor in Laws from the Chinese University of Hong Kong in 1989. She has over 40 years of experience practicing as a barrister. She has been a member of The Honourable Society of Gray's Inn, a professional association for barristers and judges in England, since 1973, and was admitted to the bar in the United Kingdom and Hong Kong in 1972 and 1974, respectively. She has been the honorary advisor of the Hong Kong Mediation Centre since 2006.

Madam Tam has been actively involved in the public administrative service. She served as a member of the Legislative Council of Hong Kong between 1981 and 1991 and a non-official member of the Executive Council of Hong Kong between 1984 and 1994. She was a member of the HKSAR Basic Law Drafting Committee between 1985 and 1989 and a member of the National Committee of the Chinese People's Political Consultative Conference of the PRC between 1993 and 1998. Madam Tam has been serving as a deputy in the National People's Congress of the PRC since 1998 and a member of the Basic Law Committee of HKSAR between 1997 and 2002. Madam Tam is the founding president, and has been serving as the president and legal advisor, of the Junior Police Officers' Association of the Hong Kong Police Force since 1977. Her contribution to the society of Hong Kong was recognised by the British Monarchy when she was appointed Justice of the Peace and awarded Order of the British Empire (O.B.E.) and Commander of the Order of British Empire (C.B.E.) in 1982, 1984 and 1988, respectively. She was awarded Gold Bauhinia Star in 1998 and the Grand Bauhinia Medal on 1 July 2013 by the government of the HKSAR. In addition, she was appointed as a director of Love, Family Foundation Limited (愛•家基金會有限公司), a non-profit making company, on 25 July 2013.

Madam Tam has been an independent non-executive director of Wing On Company International Limited (SEHK: 0289) since 1994, Minmetals Land Limited (SEHK: 0230) since 1997, Sinopec Kantons Holdings Limited (SEHK: 0934) since 1998, Guangnan (Holdings) Limited (SEHK: 1203) since 1999, Tong Ren Tang Technologies Co. Ltd. (SEHK: 1666) since 2000, Sa Sa International Holdings Limited (SEHK: 0178) since 2004, Nine Dragons Paper (Holdings) Limited (SEHK: 2689) since 2006 and Titan Petrochemicals Group Limited (SEHK: 1192) between 2004 and 2012.

SENIOR MANAGEMENT

Executive vice president, chief financial officer, company secretary

Mr Chan Kin Man, age 38, was appointed as the executive vice president, chief financial officer and company secretary of the Company on 5 June 2013. Mr Chan was awarded a bachelor's degree in business administration in accounting and finance from The University of Hong Kong in July 1997. He has approximately 16 years of accounting and finance work experience. He has been an associate of the HKICPA since October 2000 and a fellow of the Association of Chartered Certified Accountants since August 2005. Mr Chan has extensive work experience in accounting, financial advisory and management. Prior to joining the Group, he worked with an international accounting firm between 1997 and 2006. He served as the deputy financial controller in both Lai Sun Development Company Limited (SEHK: 0488) between 2006 and 2008 and eSun Holdings Limited (SEHK: 0571) between 2008 and 2012. He joined the Group in 2012 as chief financial officer.

Executive vice president, corporate affairs

Ms Lao Wai Man, age 39, was appointed as the executive vice president, corporate affairs of the Company on 5 June 2013. Ms Lao was awarded a bachelor's degree in business administration from the University of Brighton in the United Kingdom in July 1997. She has approximately 16 years of work experience in corporate administration. Ms Lao joined the Group in 1997. She worked as the public relations officer of Macau Landmark Management Limited between 1997 and 1999, and as the executive assistant to the chief executive officer of New Macau Landmark between 2000 and 2013. She was the purchasing manager of New Macau Landmark and MFW Investment between 2003 and 2007, and the executive assistant to the chief executive officer of MFW Investment between 2000 and 2010.

Executive vice president, head of hotel operations

Mr Michael Andrew Gibb, age 61, joined the Group as the executive vice president, head of hotel operations in October 2013. He has more than 30 years hospitality experience covering the U.S.A., Middle East, Asia, the United Kingdom, Mexico, Africa, Japan and the Caribbean in strategic management, operations, design and development and project management in hotels, resorts and restaurants.

Between 1987 and 1997, Mr Gibb worked for the Mandarin Oriental Hotel Group in various senior management positions in Asia. He worked for the ultra luxury Rosewood Hotels & Resorts Hotel Group based in Dallas, Texas in the capacity of executive vice president of operations between 2007 and 2012. He also served as vice president of the Philippine Hotel Owners Association between 1990 and 1996 and has been an active member of the worldwide Young President's Association and World President's Organization since 1990.

Mr Gibb oversees day-to-day operations of existing properties and new development projects of the Group. Since joining the Group in October 2013, Mr Gibb has been assisting in the reorganisation of the executive team to support the needs of the Company as it prepares for significant growth in years ahead.

Directors and Senior Management

Executive vice president, head of projects

Mr Meacock, Peter John, age 68, was appointed as the executive vice president, head of projects of the Company on 5 June 2013. Mr Meacock was awarded the higher national certificate in Building Structures from Hertfordshire College of Building in the United Kingdom in August 1967. He became a Member of the Institute of Structural Engineers of the United Kingdom in December 1970. He also became a Member of the Hong Kong Institution of Engineers in January 1983. He is experienced in architecture, interior design, engineering building projects and construction development in Europe, the Middle East and South East Asia. Mr Meacock was employed by RMJM between 1969 and 1993, during which he was the Asian regional director based in Hong Kong between 1983 and 1993 and the main board director of the parent company of RMJM in London. He was the Asia regional managing director of TBV Consult Asia Ltd. between 1993 and 1997. He was a business development manager at Leighton Contractors (Asia) Limited in 1997. He founded Legend Tec International Project Management Co. Ltd, a company which engages in project management and work, in 2006 and was a director of the company until 2012.

Since joining the Group in 2012, Mr Meacock has been responsible for property development projects of the Group including the MFW Redevelopment project and renovation of The Landmark Macau.

Executive vice president, head of casino operations

Mr Yip Wing Fat, Frederick, age 58, was appointed as the executive vice president, head of casino operations of the Company on 5 June 2013. Mr Yip was awarded a diploma in accounting by Lingnan College in Hong Kong in November 1979. He also obtained a master's degree in business administration from the Macau University of Science and Technology in June 2005. Mr Yip has over 20 years of work experience in the Macau gaming industry. Prior to joining the Group, he worked as an assistant shift pit boss at STDM between 1979 and 1982. He later served as accounting manager at Macau Horse Racing Co. Ltd. in 1988. Mr Yip founded Tak Tai Fomento Predial (德泰地產貿易投資有公司), a real estate agency, in 1991, and is currently its managing director. Mr Yip joined the Group in 1997 as security controller of the security department, and became deputy general manager in 1999. Between 2003 and 2007, Mr Yip served as executive vice president for mass market and slot machine gaming at Pharaoh's Palace Casino and Babylon Casino.

Mr Yip is active in community service in Macau. He is, among other things, a member of the Macau Chief Executive Election Committee in 2004 and 2009, a representative of the Macau Tourism Development Committee since 2012 and a member of the representative election conference of the National People's Congress of the PRC since 2012. Mr Yip has been a member of the Hubei Provincial Committee of the Chinese People's Political Consultative Conference of the PRC since 2009.

Senior vice president, international marketing and casino membership

Mr Chan Heung Tak, age 44, was appointed as the senior vice president, international marketing and casino membership of the Company on 5 June 2013. Mr Chan is the sole shareholder of The Company Lore Limited. Mr Chan has over 20 years of work experience in the gaming industry. Prior to joining the Group, he worked at Golden Palace VIP Club in the Philippines as a casino manager between 1993 and 1997. He was the vice president of membership and marketing of the VIP rooms (between 1999 and 2007) and Pharaoh's Palace Casino (between 2003 and 2007) at The Landmark Macau and was the senior vice president of the casinos between 2007 and 2013.

Mr Chan has been a member of the Guangzhou City Committee of the Chinese People's Political Consultative Conference of the PRC since 2012.

General manager of The Landmark Macau

Mr Jin Fenli, age 38, was appointed as the general manager of The Landmark Macau on 5 June 2013. Mr Jin was awarded a master's degree in business administration from Napier University Edinburgh in the United Kingdom and a master's degree in hospitality management from Birmingham College of Food, Tourism and Creative Studies, a college accredited by the University of Birmingham in the United Kingdom in 2002 and 2007, respectively, through distance learning. Mr Jin joined the Group in 2003 as the assistant to the president of The Landmark Macau and became the vice president of The Landmark Macau in 2004. Mr Jin moved on to become the general manager of the hotel in The Landmark Macau and has been in this position since 2007.

Corporate Governance Report

Corporate Governance Practices

The Company believes that good corporate governance practices are very important for maintaining and promoting investor confidence and for the sustainable growth of the Group. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business. The Board is committed to strengthening the Group's corporate governance practices and ensuring transparency and accountability of the Company's operations.

Since the Listing Date, the Company has devoted efforts to put in place various policies and procedures in compliance with the principles and code provisions set out in the CG Code.

In the opinion of the Board, the Company has complied with the code provisions as set out in the CG Code throughout the period from the Listing Date to the date of this annual report, save for the code provision A.2.1 which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Key corporate governance principles and practices of the Company as well as the details of the foregoing deviation are summarised below.

A. The Board

A1. Responsibilities and Delegation

The overall management and control of the Company's business are vested in the Board, whose main roles are to provide leadership and to approve strategic policies and plans with a view to enhancing shareholder value. All Directors take decisions objectively in the interests of the Company.

The Board reserves for its decision all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

All Directors have timely access to all relevant information as well as the advice and services of the company secretary and senior management, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any Director may request independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The senior management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the above-mentioned officers. The Board has the full support of the senior management to discharge its responsibilities.

A2. Board Composition

The composition of the Board as at the date of this annual report is as follow:

Executive Directors:

Mr Chow Kam Fai, David (Note)	*(Co-chairman of the Board, chief executive officer and a member of both the Remuneration Committee and the Nomination Committee)*
Madam Lam Fong Ngo (Note)	*(Vice chairman and a member of the Remuneration Committee)*
Mr Sheldon Trainor-DeGirolamo	*(A member of the Nomination Committee)*

Non-executive Director:

Mr Tong Ka Wing, Carl	*(Co-chairman of the Board and a member of the Audit Committee)*

Independent Non-executive Directors:

Mr Fong Chung, Mark	*(Chairman of the Audit Committee and a member of both the Remuneration Committee and the Nomination Committee)*
Mr Xie Min	*(Chairman of the Remuneration Committee and a member of both the Audit Committee and the Nomination Committee)*
Madam Tam Wai Chu, Maria	*(Chairman of the Nomination Committee and a member of both the Audit Committee and the Remuneration Committee)*

Note: Madam Lam is the mother of Mr David Chow.

The biographical details of the Directors and the relationships among the members of the Board are disclosed under the section headed "Directors and Senior Management" in this annual report.

The Board has met the requirements of Rules 3.10 and 3.10A of the Listing Rules of having a minimum of three independent non-executive directors (representing at least one-third of the Board) with one of them possessing appropriate professional qualifications and accounting and related financial management expertise.

The members of the Board have skills and experience appropriate for the business requirements and objectives of the Group. Each executive Director is responsible for different business and functional division of the Group in accordance with his/her expertise. The non-executive Director brings different business and financial expertise, experiences and independent judgement to the Board and they are invited to serve on the Board committees of the Company. Through participation in Board meetings, taking the lead in managing issues involving potential conflicts of interests, the non-executive Director had made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders.

The Company has received written annual confirmation from each independent non-executive Director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in light of the independence guidelines set out in the Listing Rules.

A3. Chairman and Chief Executive Officer

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Currently, Mr David Chow and Mr Tong Ka Wing, Carl are co-chairmen of the Board and responsible for the management of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner. In addition, Mr David Chow is the chief executive officer of the Company, taking care of the day-to-day management of the Group's business and implementing the Group's policies, strategic plans and business goals formulated by the Board.

Although Mr David Chow is both a co-chairman and the chief executive officer of the Company, the powers and authorities of the co-chairman have not been concentrated as the responsibilities have been shared between the co-chairmen. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high calibre individuals with sufficient number of Directors being non-executive Directors.

A4. Appointment and Re-election of Directors

The Articles of Association contain provisions on the procedures and process of appointment and removal of Directors.

According to the Articles of Association, one-third of the Directors for the time being (if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. In addition, any new Director appointed by the Board to fill a casual vacancy in the Board shall hold office only until the first general meeting after appointment, and any new Director appointed by the Board as an addition to the Board shall hold office until the next following annual general meeting of the Company. The retiring Directors are eligible for re-election by the shareholders at the respective general meetings.

Each Director, including the independent non-executive Directors, is engaged for a term of two/three years. They are also subject to re-election in accordance with the provisions of the Articles of Association as mentioned above.

At the forthcoming annual general meeting of the Company, Mr David Chow, Madam Lam, Mr Sheldon Trainor-DeGirolamo, Mr Tong Ka Wing, Carl, Mr Fong Chung, Mark, Mr Xie Min and Madam Tam Wai Chu, Maria shall retire and, being eligible, will offer themselves for re-election at the meeting. The Board and the Nomination Committee recommended their re-appointment. The Company's circular, sent together with this annual report, contains detailed information of the above Directors as required by the Listing Rules.

A5. Training and Continuing Development of Directors

Each newly appointed Director will receive induction on the first occasion of his/her appointment so as to ensure he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The existing Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors will be arranged and reading materials on relevant topics will be issued to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the period from the Listing Date to 31 December 2013, the Directors complied with the code provision A.6.5 of the CG Code and all Directors received regular briefings and updates from the professional firm/company secretary on the Group's business/operations/corporate governance matters which are relevant to their duties and responsibilities.

A6. Model Code for Securities Transactions

The Company has adopted the Model Code as its code of conduct governing directors' dealings in the Company's securities. Specific enquiry has been made of all the Directors and they have confirmed their compliance with the Model Code throughout the period from the Listing Date to 31 December 2013.

The Company also has established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines"), governing securities transactions by employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and relevant employees in advance.

A7. Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

Up to the date of this annual report, the Board has reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

A8. Directors' Attendance Records

The attendance records of each Director at the Board and Board Committee meetings of the Company held during the period from the Listing Date to the date of this annual report are set out below:

	Attendance/Number of Meetings			
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee
Mr Chow Kam Fai, David	3/3	—	1/1	1/1
Madam Lam Fong Ngo	2/3	—	1/1	—
Mr Sheldon Trainor-DeGirolamo	3/3	—	—	1/1
Mr Tong Ka Wing, Carl	3/3	3/3	—	—
Mr Fong Chung, Mark	3/3	3/3	1/1	1/1
Mr Xie Min	3/3	3/3	1/1	1/1
Madam Tam Wai Chu, Maria	3/3	3/3	1/1	1/1

No general meeting was held during the period from the Listing Date to 31 December 2013.

B. Board Committees

The Board has established three Board committees, namely, Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company have been established with defined written terms of reference which are posted on the Company's website "www.macaulegend.com" and on the Stock Exchange's website "www.hkexnews.hk". All the Board committees should report to the Board on their decisions or recommendations made.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

B1. Audit Committee

The Audit Committee comprises a total of four members, being three independent non-executive Directors, namely, Mr Fong Chung, Mark (Chairman), Mr Xie Min and Madam Tam Wai Chu, Maria; and one non-executive Director, namely, Mr Tong Ka Wing, Carl. Mr Fong Chung, Mark, possesses appropriate professional qualifications, and accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditors. All of the members are non-executive Directors and the majority of the members are independent non-executive Directors.

The main duties of the Audit Committee are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or external auditors before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditors and making the relevant recommendation to the Board; and reviewing the Company's financial reporting system, internal control system and risk management system.

During the period from the Listing Date to the date of this annual report, the Audit Committee has performed the following major tasks:

— Review and discussion of the interim financial statements, results announcement and report for the six months ended 30 June 2013 and the related accounting principles and practices adopted by the Group;

— Review and discussion of the annual financial statements, results announcement and report for the year ended 31 December 2013, the related accounting principles and practices adopted by the Group and the relevant audit findings, the report from the management on the Company's internal control and risk management review and processes and recommendation of the re-appointment of the external auditors;

— Review and report on continuing connected transactions carried out during the year ended 31 December 2013; and

— Consideration of the internal audit plan and report.

The external auditors were invited to attend the meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters. Besides, there is no disagreement between the Board and the Audit Committee regarding the re-appointment of external auditors.

B2. Remuneration Committee

The Remuneration Committee comprises a total of five members, being three independent non-executive Directors, namely, Mr Xie Min (Chairman), Mr Fong Chung, Mark, and Madam Tam Wai Chu, Maria; and two executive Directors, namely, Mr David Chow and Madam Lam. Accordingly, the majority of the members are independent non-executive Directors.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure and the remuneration packages of Directors and members of senior management (that is, the model described in the code provision B.1.2(c)(ii) of the CG Code is adopted). The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

During the period from the Listing Date to the date of this annual report, the Remuneration Committee has performed the following major tasks:

— Assessment of the performance of executive Directors;

— Review of remuneration packages of Directors and senior management and to make any appropriate adjustments, approve the terms of service agreements as appropriate; and

— Review and discussion of the remuneration packages of the new senior management appointed.

Pursuant to Code Provision B.1.5, the annual remuneration of the members of the senior management (other than Directors) by bands for the year ended 31 December 2013 is set out below:

	Number of individuals
Nil to HK$1,000,000	1
HK$1,000,001 to HK$2,000,000	3
HK$2,000,001 to HK$3,000,000	2
HK$3,000,001 to HK$4,000,000	1
	7

Details of the remuneration of each of the Directors for the year ended 31 December 2013 are set out in note 10 to the consolidated financial statements of the Group.

B3. Nomination Committee

The Nomination Committee comprises a total of five members, namely, three independent non-executive Directors, namely, Madam Tam Wai Chu, Maria (Chairman), Mr Fong Chung, Mark and Mr Xie Min; and two executive Directors, namely, Mr David Chow and Mr Sheldon Trainor-DeGirolamo. Accordingly, the majority of the members are independent non-executive Directors.

The principal responsibilities of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and recommending any changes to the Board; identifying qualified and suitable individuals to become Board members and selecting and making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive Directors; and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular, the chairman and the chief executive of the Company.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, the integrity, experience, skills and professional knowledge of the candidate and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities, as well as the objective of the board diversity policy adopted by the Company. External recruitment professionals might be engaged to carry out selection process when necessary.

During the period from the Listing Date to the date of this annual report, the Nomination Committee has performed the following major tasks:

— Review of the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;

— Recommendation of the re-election of the retiring Directors standing for re-election at the Company's forthcoming annual general meeting; and

— Assessment of the independence of all the independent non-executive Directors.

C. Directors' Responsibilities for Financial Reporting

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2013.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, quarterly financial information, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The senior management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company, which are put to the Board for approval.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

D. Internal Control

The Board is responsible for maintaining an adequate internal control system to safeguard the interests of shareholders and the Group's assets and for reviewing the effectiveness of such system on an annual basis. The senior management reviews and evaluates the control process, monitors any risk factors on a regular basis and reports to the Audit Committee and the Board on any findings and measures to address the variances and identified risks.

During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Company. To ensure compliance with the CG Code, the Board has also engaged Mazars CPA Limited and Mazars Corporate Recovery & Forensic Services Limited (the "Internal Control Advisers") to review the Group's compliance with internal controls as a whole. In particular, reviews on, among others, anti-money laundering, counter-terrorist financing, adequacy of resources, qualifications and experience of staff of the accounting, financial reporting function, license renewal process and cash receipt process in connection with hotel operations have been conducted by the Internal Control Advisers.

E. External Auditor and Auditor's Remuneration

The statement of the external auditor of the Company about their reporting responsibilities for the Company's financial statements for the year ended 31 December 2013 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to the Group's external auditor in respect of audit services and non-audit services for the year ended 31 December 2013 are analysed below:

	Fees paid/payable (HK$'000)
Audit services:	
— Audit fee for the year ended 31 December 2013	1,900
Non-audit services:	
— Initial public offering	1,500
— Internal control review	2,843
— Interim review for the six months ended 30 June 2013	400
Total	6,643

F. Company Secretary

During the year under review, Mr Chan Kin Man, the company secretary, has taken no less than 15 hours of relevant professional trainings. Biographical details of Mr Chan are set out in the section headed "Directors and Senior Management" in this annual report.

G. Communications with Shareholders and Investors

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognises the importance of transparent and timely disclosure of corporate information, which enables shareholders and investors to make the best investment decision.

The Company maintains a website at "www.macaulegend.com" as a communication platform with shareholders and investors, where information and updates on the Company's business developments and operations and other information are available for public access. Shareholders and investors may send written enquiries or requests to the Company as follows:

Address:	21/F, Macau Landmark Building, 555 Avenida da Amizade, Macau (For the attention of Corporate Communications Department)
Fax No.:	(853) 2822 2266
Email:	ir@macaulegend.com

The Company continues to enhance communications and relationships with its shareholders and investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them posted of the Company's developments. Enquiries from shareholders and investors are dealt with in an informative and timely manner.

Besides, shareholders' meetings provide an opportunity for communication between the Board and the shareholders. Board members and appropriate senior staff of the Group are available at the meeting to answer any questions raised by shareholders.

H. Shareholders' Rights

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. The Company's shareholders may convene an extraordinary general meeting or put forward proposals at shareholders' meetings as follows:

(1) Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company may request the Board to convene an extraordinary general meeting pursuant to Article 58 of the Articles of Association by sending a written requisition to the Board or the company secretary. The objects of the meeting must be stated in the written requisition.

(2) If a shareholder wishes to propose a person other than a retiring Director for election as a Director of the Company at a general meeting, pursuant to Article 85 of the Articles of Association, the shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the shareholder, of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected. These notices should be lodged at the Company's head office or the office of the Company's branch share registrar. The period for lodgement of such notices shall commence on the day after the despatch of the notice of such general meeting and end no later than 7 days prior to the date of such general meeting.

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement (as the case may be) to the Company's principal place of business in Hong Kong and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

The Company has not made any changes to the Articles of Association since the Listing Date. An up-to-date version of the Articles of Association is available on the websites of the Company and the Stock Exchange. Shareholders may refer to the Articles of Association for further details of the rights of shareholders.

All resolutions proposed at shareholder meetings will be voted by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.macaulegend.com) respectively immediately after the relevant general meetings.

The Board is pleased to present this annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 42 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2013 are set out in the consolidated statement of profit or loss and other comprehensive income on page 65 of this annual report.

On 5 June 2013, the Company declared a dividend of total amount of approximately HK$2,446.6 million to its then shareholders (excluding those who have waived their rights and entitlements to any dividend declared by the Company prior to the Listing). Further details of the declaration of dividend are set out in note 14 to the consolidated financial statements.

The Board does not recommend the payment of a final dividend in respect of the year ended 31 December 2013.

FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last four financial years is set out on page 129 of this annual report.

INVESTMENT PROPERTIES AND PROPERTY AND EQUIPMENT

Details of the movements during the year in the investment properties and property and equipment of the Group are set out in notes 16 and 17 respectively to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 30 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date to 31 December 2013.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2013, the Company's reserves available for distribution to shareholders amounted to approximately HK$1,979.6 million comprising share premium of approximately HK$3,035.0 million and other reserve of approximately HK$202.3 million which are offset by debit balance of accumulated losses of approximately HK$1,257.7 million.

Under the Cayman Companies Law, subject to the provisions of memorandum of association of the Company or the Articles of Association, the Company's share premium account may be applied to pay distributions or dividends to shareholders, provided that immediately following the date the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

DIRECTORS

The Directors during the year and up to the date of this annual report were:

Executive Directors

Mr Chow Kam Fai, David *(Co-chairman and chief executive officer)*
Madam Lam Fong Ngo *(Vice chairman)*
Mr Sheldon Trainor-DeGirolamo

Non-executive Director

Mr Tong Ka Wing, Carl *(Co-chairman)*

Independent non-executive Directors

Mr Fong Chung, Mark	(appointed on 5 June 2013)
Mr Xie Min	(appointed on 5 June 2013)
Madam Tam Wai Chu, Maria	(appointed on 5 June 2013)

All Directors will retire and, being eligible, offer themselves for re-election at the Company's forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

Each of Mr David Chow, Madam Lam and Mr Sheldon Trainor-DeGirolamo, executive Directors, has entered into a service agreement with the Company for a term of two or three years commencing from 5 June 2013. The service agreement may be terminated in accordance with the respective terms of the service agreement.

Pursuant to the Company's letter of appointment, the initial term of appointment of Mr Tong Ka Wing, Carl as a non-executive Director is three years commencing from 5 June 2013.

Independent non-executive Directors were appointed pursuant to the respective letters of appointment for an initial term of two years commencing from 5 June 2013.

No Director has entered or has proposed to enter into any service agreements with the Company or any member of the Group other than agreements expiring or terminable by the employer within one year without payment of compensation other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 31 December 2013, the interests of the Directors and chief executives of the Company in the Shares and underlying Shares and its associated corporations, as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(1) Long Position in Shares of the Company

Name of Directors	Capacity	Number of Shares	*Approximate percentage of total issued Shares
Mr David Chow	Beneficial owner	1,119,714,066	17.92%
	Controlled corporation	819,000,000[(1)]	13.11%
	Interest of spouse	2,237,286[(2)]	0.04%
		1,940,951,352	31.07%
Madam Lam	Beneficial owner	148,004,116	2.37%
	Controlled corporation	1,023,043,500[(3)]	16.38%
		1,171,047,616	18.75%
Mr Sheldon Trainor-DeGirolamo	Beneficial owner	5,193,481	0.08%
	Controlled corporation	70,631,345[(4)]	1.13%
		75,824,826	1.21%
Mr Tong Ka Wing, Carl	Beneficial owner	2,596,740	0.04%

Notes:

1. These Shares were held by All Landmark.

2. Mr David Chow was deemed to be interested in 2,237,286 Shares through the interest of his spouse, Ms Melinda Chan.

3. These Shares were held by Grand Bright.

4. These Shares were held by PacBridge Capital Partners (HK) Limited, a controlled corporation of Mr Sheldon Trainor-DeGirolamo.

* The percentage represents the number of ordinary Shares interested divided by the number of the issued Shares as at 31 December 2013.

(2) Long Position in Underlying Shares of the Company

(i) Share options — physically settled unlisted equity derivatives

Name of Director	Capacity	Number of underlying Shares in respect of the share options granted	*Approximate percentage of total issued Shares
Mr David Chow	Beneficial owner	24,412,724 (Note)	0.39%

Note: Details of the above share options have been disclosed in the below section headed "Share Options".

* The percentage represents the number of underlying Shares interested divided by the number of the issued Shares as at 31 December 2013.

(ii) Directors' Reward Shares

Name of Directors	Capacity	Number of Shares (Note)	*Approximate percentage of total issued Shares
Mr David Chow	Beneficial owner	13,503,052	0.22%
Mr Sheldon Trainor-DeGirolamo	Beneficial owner	10,386,963	0.17%
Mr Tong Ka Wing, Carl	Beneficial owner	5,193,482	0.08%

Note: Pursuant to the respective service agreements/appointment letter, the Company has agreed to issue reward Shares to each of Mr David Chow, Mr Sheldon Trainor-DeGirolamo and Mr Tong Ka Wing, Carl on 31 December 2013, 31 December 2014 and 31 December 2015 (subject to certain conditions). The total number of these reward Shares is 43,625,244 Shares, of which 14,541,747 reward Shares were issued on 31 December 2013.

* The percentage represents the number of underlying Shares interested divided by the number of the issued Shares as at 31 December 2013.

(3) Long Position in Shares of Associated Corporations

Name of associated corporations	Name of Directors	Nature of interests	Number of Shares[(1)]	Percentage of interest of associated corporations
Hong Hock	Mr David Chow	Beneficial owner	100	0.01%
	Madam Lam	Controlled corporation	100[(2)]	0.01%
New Macau Landmark	Mr David Chow	Beneficial owner	1,000	1.0%
Grand Merit Retail Group Limited	Mr David Chow	Beneficial owner	1,000	1.0%
Legend King International Limited	Mr David Chow	Beneficial owner	1,000	1.0%
Elegant Wave Restaurant Group Limited	Mr David Chow	Beneficial owner	1,000	1.0%

Notes:

1. All the above associated corporations are limited companies incorporated in Macau. The number of shares in these associated corporations expressed above refers to the nominal value of share capital in MOP.

2. These shares were held by Grand Bright.

Save as disclosed above, none of the Directors or chief executive of the Company, as at 31 December 2013, had registered an interest or a short position in the Shares or underlying Shares or debentures or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

(1) David Chow Share Options

Pursuant to two employment agreements entered into between the Company and Mr David Chow, the Company has granted the David Chow Share Options to Mr David Chow.

The following table discloses movements of the David Chow Share Options during the year:

Name of participant	Date of grant	As at 1 January 2013	Granted during the year	Exercised/ forfeited/ expired during the year	As at 31 December 2013	Exercise period	Exercise price per share
Mr David Chow	23.11.2011	24,412,724	—	—	24,412,724	23.11.2011–22.11.2016	HK$2.0

(2) Share Option Scheme

On 5 June 2013, the Company adopted the Share Option Scheme for the purpose of providing incentives or rewards to eligible participants for their contribution or potential contribution to the Group. Eligible participants of the Share Option Scheme include, among others, the Directors, including non-executive Directors and independent non-executive Directors, full-time or part-time employees, executive or officers of the Group, advisors, consultants, suppliers, customers and agents. The Share Option Scheme became effective on 5 July 2013 upon the Listing and shall be valid and effective for a period of 10 years from that date.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the total number of Shares in issue from time to time. The maximum number of Shares issued and to be issued upon exercise of the options granted and to be granted to each eligible participant in any 12-month period must not exceed 1% of the Company's issued share capital from time to time. Any grant or further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting of the Company.

Each grant of share options to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive Directors. In addition, any grant of share options to a substantial shareholder or an independent non-executive Director, or to any of their associates, resulting in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person, in a 12-month period up to and including the date of such grant in excess of 0.1% of the Shares in issue and with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK$5 million, is subject to shareholders' approval in advance in a general meeting of the Company.

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the option duly signed by the grantee, together with a remittance in favour of the Company of HK$1 by way of consideration for the grant of the option, is received by the Company within 30 days after the date of offer.

The exercise price of share options is determined by the Directors, but shall not be less than the highest of (i) the nominal value of the Shares; (ii) the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of offer of the share options; and (iii) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of offer.

No share option has been granted since the adoption of the Share Option Scheme.

The total number of Shares currently available for issue under the Share Option Scheme is 598,805,063 Shares, representing approximately 9.3% of the issued share capital of the Company as at the date of this annual report.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the option holdings disclosed above, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed under the paragraph headed "Connected Transactions" in this annual report, no contracts of significance to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contract for the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2013, so far as the Directors are aware, the following parties (other than the Directors and chief executives of the Company) had interests of 5% or more of the Shares and underlying Shares as recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

(1) Long positions in Shares of the Company

Name of substantial shareholders	Capacity	Number of Shares	*Approximate percentage of total issued Shares
All Landmark	Beneficial owner	819,000,000[(1)]	13.11%
Ms Melinda Chan	Beneficial owner	2,237,286	0.04%
	Interests of spouse	1,938,714,066[(2)]	31.03%
		1,940,951,352	31.07%
Grand Bright	Beneficial owner	1,023,043,500[(3)]	16.38%
Elite Success	Beneficial owner	710,925,750	11.38%
Mr Li Chi Keung	Beneficial owner	107,894,349	1.73%
	Controlled corporation	710,925,750[(4)]	11.38%
	Interests of spouse	3,097,680[(5)]	0.05%
		821,917,779	13.16%
Ms Wong Hoi Ping	Beneficial owner	3,097,680	0.05%
	Controlled corporation	710,925,750[(4)]	11.38%
	Interests of spouse	107,894,349[(6)]	1.73%
		821,917,779	13.16%
Ms Chan Un Chan	Founder of discretionary trust	934,269,609[(7)]	14.96%
	Controlled corporation	500,000[(8)]	0.01%
		934,769,609	14.97%
Earth Group Ventures Ltd.	Beneficial owner	934,269,609[(7)]	14.96%
UBS TC (Jersey) Ltd.	Trustee/controlled corporation	934,269,609[(7)]	14.96%

Notes:

1. The interest of All Landmark was disclosed as the interest of Mr David Chow in the above section headed "Directors' and Chief Executives' Interests".
2. Ms Melinda Chan was deemed to be interested in 1,938,714,066 Shares through the interest of her spouse, Mr David Chow.
3. The interest of Grand Bright was disclosed as the interest of Madam Lam in the above section headed "Directors' and Chief Executives' Interests".
4. These Shares were held by Elite Success (a company in which each of Mr Li Chi Keung and Ms Wong Hoi Ping, spouse of Mr Li Chi Keung, held 44.5% of the total issued capital).
5. Mr Li Chi Keung was deemed to be interested in 3,097,680 Shares through the interest of his spouse, Ms Wong Hoi Ping.
6. Ms Wong Hoi Ping was deemed to be interested in 107,894,349 Shares through the interest of her spouse, Mr Li Chi Keung.
7. These Shares were held directly by UBS Nominees Limited, which is a nominee holding the Shares for Earth Group Ventures Ltd., a company wholly-owned by UBS TC (Jersey) Ltd. as trustee of the Earth Settlement. Earth Settlement is a discretionary trust set up by Ms Chan Un Chan as founder for her assets planning purposes.
8. These Shares were held by UNIR (HK) Management Limited, a controlled corporation of Ms Chan Un Chan.

* The percentage represents the number of ordinary Shares interested divided by the number issued Shares as at 31 December 2013.

(2) Long Position in Underlying Shares of the Company

(i) Share options — physically settled unlisted equity derivatives

Name of substantial shareholder	Capacity	Number of underlying Shares in respect of the share options granted	*Approximate percentage of total issued Shares
Ms Melinda Chan	Interest of spouse	24,412,724 (Note)	0.39%

Note: Ms Melinda Chan was deemed to be interested in 24,412,724 share options of the Company through the interest of her spouse, Mr David Chow. Details of the above share options have been disclosed in the above section headed "Share Options".

* The percentage represents the number of underlying Shares interested divided by the number of issued Shares as at 31 December 2013.

(ii) Director's Reward Shares

Name of substantial shareholder	Capacity	Number of Shares	*Approximate percentage of total issued Shares
Ms Melinda Chan	Interest of spouse	13,503,052 (Note)	0.22%

Note: Ms Melinda Chan was deemed to be interested in 13,503,052 reward Shares through the interest of her spouse, Mr David Chow.

* The percentage represents the number of underlying Shares interested divided by the number of issued Shares as at 31 December 2013.

Save as disclosed above, the Directors are not aware of any other corporation or individual (other than a Director or the chief executive of the Company) who, as at 31 December 2013, had registered an interest or a short position in the Shares or underlying Shares as recorded in the register of interests required to be kept pursuant to section 336 of the SFO.

INDEPENDENCE CONFIRMATION

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

Pursuant to a waiver letter dated 14 May 2013, ICBC Macau confirmed, on behalf of the lenders under the 2011 Term Loan Facility (defined below) and the 2012 Term Loan Facility (defined below), the consent of such lenders in respect of the global offering and the release of the guarantees and other securities given by the controlling shareholders on various conditions, among which (i) Mr David Chow, All Landmark, Madam Lam, Grand Bright, Mr Li Chi Keung, Elite Success and Ms Chan Un Chan are required to hold at least 51% in aggregate of the enlarged share capital of the Company upon completion of the global offering; and (ii) Mr David Chow, Madam Lam, Mr Sheldon Trainor-DeGirolamo and Mr Tong Ka Wing, Carl are required to comprise the majority of the members of the Board (excluding the independent non-executive Directors) for the term of both the 2011 Term Loan Facility and the 2012 Term Loan Facility. In addition, each of Mr David Chow, Madam Lam and Mr Sheldon Trainor-DeGirolamo shall remain as executive Director on the Listing Date. Such requirements as to the maintenance of the level of ownership in and composition of the members of the Board result in the disclosure obligation under Rule 13.18 of the Listing Rules.

In this paragraph:

"2011 Term Loan Facility" refers to the five-year term loan facility entered into pursuant to an agreement dated 30 March 2011, as supplemented by agreements subsequently, between New Macau Landmark as borrower, Hong Hock as corporate guarantor, ICBC Macau as facility agent and security agent, and other lender banks up to an aggregate amount of HK$1.8 billion; and

"2012 Term Loan Facility" refers to the four-year term loan facility entered into pursuant to an agreement dated 25 September 2012 between New Macau Landmark as borrower, Hong Hock as corporate guarantor, ICBC Macau as facility agent and security agent, and other lender banks up to an aggregate amount of MOP309.0 million.

TRANSFER RESTRICTIONS AMONG CERTAIN SHAREHOLDERS

On 28 December 2012, an agreement (the "Transfer Restrictions Agreement"), which was subsequently amended and restated on 5 June 2013, was entered into among Mr David Chow, All Landmark, Madam Lam, Grand Bright, Mr Li Chi Keung, Elite Success and Ms Chan Un Chan (together the "Covenantors"). Pursuant to the Transfer Restrictions Agreement, the Covenantors agreed not to transfer, whether directly or indirectly, any Shares registered in their respective names, or any right, title or interest therein or thereto such that the number of Shares and the percentage of the aggregate amount of Shares held by the relevant shareholder group (the "Shareholder Group") as set out in the first column of the table below which are not affected by such transfers in the total issued capital of the Company immediately upon the completion of the global offering (without taking into account any Directors' reward Shares and any Shares that may be issued pursuant to the David Chow Share Options and any options that may be granted under the Share Option Scheme) (the "Post IPO Issued Capital") falls below the respective minimum number and percentage of Shares to be held by such Shareholder Group as respectively set out in the second and third column of the table below (the "Transfer Restrictions").

	Aggregate minimum shareholding required to be maintained as from the date of the amended and restated Transfer Restrictions Agreement	
	Aggregate number of Shares	Aggregate shareholding percentage of the Post IPO Issued Capital
All Landmark and Mr David Chow	1,097,486,523	17.61%
Grand Bright and Madam Lam	753,470,305	12.09%
Elite Success and Mr Li Chi Keung	627,580,312	10.07%
UBS Nominees Limited	699,873,575	11.23%
Total	3,178,410,715	51.00%

Further details of the Transfer Restrictions are set out in the Prospectus and the Supplemental Prospectus.

CONNECTED TRANSACTIONS

The Group has entered into certain continuing connected transactions, details of which are set out below.

Continuing connected transactions exempt from the independent shareholders' approval requirements

(1) Legendale Beijing Hotel Service Agreement

On 5 June 2013, the Company and Beijing Hua Hai Jin Bao Real Estate Development Co. Ltd. (北京華海金寶房地產開發有限公司) ("Beijing Hua Hai Jin Bao") entered into a framework agreement (the "Legendale Beijing Hotel Service Agreement") for the renting of hotel rooms and convention venues and the procurement of event management services to the Group for an initial term commencing from the Listing Date to 31 December 2015, which is renewable for periods of three years subject to price review. Beijing Hua Hai Jin Bao is an associate of Mr David Chow, a co-chairman, an executive Director, the chief executive officer and one of the controlling shareholders of the Company and is therefore a connected person of the Company.

Pursuant to the Legendale Beijing Hotel Service Agreement, the Group shall rent hotel rooms and meeting convention venues and procure event management services from Beijing Hua Hai Jin Bao for organising corporate and industry events in Beijing at the rental and service fees as determined based on an arm's length negotiation and by reference to prevailing market rates, provided that the total rental and service fees paid or payable by the Group to Beijing Hua Hai Jin Bao for each of the three financial years ending 31 December 2013, 2014 and 2015 shall not exceed HK$0.5 million, HK$3.0 million and HK$3.0 million, respectively.

The amount paid/payable by the Group to Beijing Hua Hai Jin Bao for the provision of hotel rooms and meeting convention venues and event management services under the Legendale Beijing Hotel Service Agreement for the year ended 31 December 2013 was approximately HK$0.2 million.

(2) Amigo Travel Service Agreement

On 5 June 2013, the Company and Amigo Travel (Macau) Ltd. ("Amigo Travel") entered into a framework agreement (the "Amigo Travel Service Agreement") for the procurement of travelling, ticketing and transportation services to the Group for an initial term commencing from the Listing Date to 31 December 2015, which is renewable for periods of three years subject to price review. Amigo Travel is a connected person of the Company by virtue of its being an associate of both Mr David Chow and Ms Melinda Chan (a former Director and the spouse of Mr David Chow) as one of the shareholders of Amigo Travel is Madam Tang Lai Iong, the mother of Ms Melinda Chan.

Pursuant to the Amigo Travel Service Agreement, the Group shall procure travelling, ticketing and transportation services from Amigo Travel to support the business travelling needs of the Group at the service fees as determined based on an arm's length negotiation and by reference to prevailing market rates, provided that the total service fees paid or payable by the Group to Amigo Travel for each of the three financial years ending 31 December 2013, 2014 and 2015 shall not exceed HK$2.7 million, HK$3.3 million and HK$3.9 million, respectively.

The amount paid/payable by the Group to Amigo Travel for the provision of travelling, ticketing and transportation services under the Amigo Travel Service Agreement for the year ended 31 December 2013 was approximately HK$2.1 million.

(3) Macau Landmark Office Rental Agreement

On 5 June 2013, the Company entered into a framework agreement (the "Macau Landmark Office Rental Agreement") with Macau Landmark Management Limited ("MLML") for the leasing of certain office premises at the Macau Landmark Building by the Group for an initial term commencing from the Listing Date to 31 December 2015, which is renewable for periods of three years subject to price review.

MLML is a company owned by Mr David Chow and Madam Lam, executive Directors and the controlling shareholders of the Company, and Mr Li Chi Keung, a former Director and a substantial shareholder of the Company, and is therefore a connected person of the Company.

Pursuant to the Macau Landmark Office Rental Agreement, the Group shall lease from MLML office premises on the 7th, 8th and 21st floors of the Macau Landmark Building as headquarters and offices of the Group at the rental rates as determined based on an arm's length negotiation and by reference to prevailing market rates, provided that the total rental fees paid or payable by the Group to MLML for each of the three financial years ending 31 December 2013, 2014 and 2015 shall not exceed HK$4.2 million, HK$4.3 million and HK$4.3 million, respectively.

The amount of rental paid/payable by the Group to MLML for the provision of office premises under the Macau Landmark Office Rental Agreement for the year ended 31 December 2013 was approximately HK$3.3 million.

(4) Connected Procurement Agreements

On 5 June 2013, the Company entered into the following framework agreements with various associates of Mr David Chow and Ms Melinda Chan for the procurement of various services and supplies required for operations and administration of the Group for an initial term commencing from the Listing Date to 31 December 2015, which is renewable for periods of three years subject to price review:

(a) a framework agreement between the Company and Ou Kei Cleaning Services Limited ("Ou Kei Cleaning") for the procurement of property cleaning services from Ou Kei Cleaning for the hotel and gaming operations of the Group, primarily The Landmark Macau (the "Ou Kei Cleaning Services Agreement");

(b) a framework agreement between the Company and On Kei Management Services Company Ltd. ("On Kei Management") for the procurement of property cleaning services from On Kei Management primarily for MFW (the "On Kei Management Cleaning Services Agreement");

(c) a framework agreement between the Company and Royal Garden Flower and Fruit Company Limited ("Royal Garden") for the procurement of fruit and flower supplies to meet the catering and decoration needs of the hotel operations of the Group (the "Royal Garden Supplies Agreement"); and

(d) a framework agreement between the Company and New Legend Club Laundry Company Ltd. ("NLC Laundry") for the procurement of laundry and cleaning services for the hotel operations of the Group (the "NLC Laundry Service Agreement"),

(together, the "Connected Procurement Agreements").

Each of Ou Kei Cleaning, On Kei Management and Royal Garden is owned by Madam Tang Lai Iong, the mother of Ms Melinda Chan, and certain independent third parties while NLC Laundry is owned by Million Up Investments Limited which is jointly owned by Ms Melinda Chan and her brother, Mr Tang Mun Kong.

Pursuant to the Connected Procurement Agreements, the Group shall procure the property cleaning services and fruit and flower supplies at the service fees or purchase prices as shall be determined based on an arm's length negotiation and by reference to prevailing market rates. The transactions contemplated under the Connected Procurement Agreements are subject to the aggregate annual caps of HK$61.0 million, HK$69.0 million and HK$74.0 million for each of the financial years ending 31 December 2013, 2014 and 2015, respectively.

The amounts paid/payable by the Group under the Connected Procurement Agreements for the year ended 31 December 2013 were as follows:

	HK$' million
Ou Kei Cleaning Services Agreement	17.2
On Kei Management Cleaning Services Agreement	15.7
Royal Garden Supplies Agreement	7.5
NLC Laundry Service Agreement	10.3
Total	50.7

Continuing connected transaction which is subject to the reporting, announcement, annual review and independent shareholders' approval requirements

(1) Chong Son Construction Services Agreement

On 5 June 2013, the Company entered into a framework agreement (the "Chong Son Construction Services Agreement") with Chong Son Construction Company Ltd ("Chong Son") for the procurement of construction and renovation work from Chong Son for The Landmark Macau and MFW for an initial term commencing from the Listing Date to 31 December 2015, which is renewable for periods of three years subject to price review. Chong Son is owned by Mr Tang Mun Kong, brother of Ms Melinda Chan.

Pursuant to the Chong Son Construction Services Agreement, the Group shall procure construction and renovation work from Chong Son for The Landmark Macau and MFW at the fees as determined based on an arm's length negotiation and by reference to prevailing market rates, provided that the total construction and renovation fees paid or payable by the Group to Chong Son for each of the three financial years ending 31 December 2013, 2014 and 2015 shall not exceed HK$210.0 million, HK$42.0 million and HK$2.0 million, respectively.

The amount of construction and renovation fees paid/payable by the Group to Chong Son for the provision of construction services under the Chong Son Construction Services Agreement for the year ended 31 December 2013 was approximately HK$206.6 million.

The independent non-executive Directors have reviewed the above continuing connected transactions for the year ended 31 December 2013 and have confirmed that the transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.38 of the Listing Rules, the Board engaged the auditor of the Company to perform certain agreed upon procedures in respect of the continuing connected transactions of the Group. The auditor has reported the factual findings on these procedures to the Board and issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group above in accordance with Rule 14A.38 of the Listing Rules.

EMOLUMENT POLICY

The emoluments of the Directors and senior management of the Company are reviewed and determined by the Remuneration Committee, having regard to, inter alia, the Group's operating results, individual performance and comparable market statistics.

The Company has resolved to issue reward Shares to certain Directors, details of which are set out in section headed "Directors' Reward Shares" of this annual report. In addition, the Company has adopted a share option scheme as an incentive to Directors and other eligible participants, details of the scheme is set out in note 40 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company's securities.

SUFFICIENCY OF PUBLIC FLOAT

As stated in the Supplemental Prospectus, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the minimum public float requirement of 25% and the Stock Exchange accepted a lower percentage of 19.04%. Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a public float of at least 19.04% throughout the period commencing from the Listing to date of this annual report.

CHARITABLE DONATIONS

During the year under review, the Group made charitable donation amounting to HK$1,000,000.

MAJOR CUSTOMERS AND SUPPLIERS

In 2013, the five largest customers of the Group accounted for approximately 70.4% of the Group's revenue with the largest customer, SJM, accounted for 64.9% of the Group's revenue.

In 2013, the five largest suppliers of the Group accounted for approximately 45.3% of the Group's total purchases with the largest supplier accounted for 32.5% of the Group's total purchases.

Apart from Ou Kei Cleaning which was one of the five largest suppliers of the Group in 2013, at no time during the year did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers or suppliers.

DIRECTOR'S INTERESTS IN COMPETING BUSINESS

During the year under review, save as disclosed in the section headed "Relationship with Controlling Shareholders" of the Prospectus, none of the Directors is considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules.

DEED OF NON-COMPETITION

Mr David Chow, Madam Lam, All Landmark and Grand Bright, being controlling shareholders of the Company (the "Parties"), entered into a deed of non-competition ("Deed of Non-Competition") dated 5 June 2013, details of which have been set out in the paragraph headed "Deed of Non-Competition" in the section headed "Relationship with Controlling Shareholders" of the Prospectus.

The Company has received the annual declaration from the Parties on compliance with their undertakings under the Deed of Non-Competition. The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by the Parties.

COMPLIANCE WITH ANTI-MONEY LAUNDERING LAWS AND REGULATIONS

SJM has provided with the Group a confirmation on 27 January 2014 that its anti-money laundering policies and procedures implemented in the casinos and gaming premises at The Landmark Macau and MFW were in full compliance with the applicable legal and regulatory requirements of the Macau government for the financial year ended 31 December 2013.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Details of significant events occurring after the end of the reporting period are set out in note 41 to the consolidated financial statements.

AUDITOR

A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Chow Kam Fai, David
Co-chairman, executive Director and chief executive officer
18 February 2014

Deloitte.
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TO THE SHAREHOLDERS OF MACAU LEGEND DEVELOPMENT LIMITED
澳門勵駿創建有限公司
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Macau Legend Development Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 65 to 128, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2013 and of its profit and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
18 February 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Revenue	6	**1,763,754**	1,501,088
Cost of sales and services		**(777,179)**	(664,672)
		986,575	836,416
Other income, gains and losses	8	**62,695**	36,057
Marketing and promotional expenses		**(44,156)**	(45,587)
Operating, administrative and other expenses		**(439,593)**	(232,788)
Finance costs	9	**(58,971)**	(62,862)
Profit before taxation	12	**506,550**	531,236
Taxation credit	13	**3,329**	4,105
Profit and total comprehensive income for the year, attributable to owners of the Company		**509,879**	535,341
Earnings per share	15		
— Basic (HK cents)		**8.9**	11.8
— Diluted (HK cents)		**8.8**	11.8

Consolidated Statement of Financial Position

As at 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Non-current assets			
Investment properties	16	**256,984**	265,062
Property and equipment	17	**2,541,763**	2,283,953
Prepaid lease payments	18	**1,775,186**	1,778,366
Goodwill	19	**681,986**	681,986
Deposits paid for acquisition of property and equipment		**—**	5,031
		5,255,919	5,014,398
Current assets			
Inventories	21	**40,994**	27,732
Prepaid lease payments	18	**51,290**	49,969
Trade and other receivables	22	**605,057**	466,590
Amounts due from directors	23	**—**	1,971,753
Amounts due from shareholders	23	**—**	238,265
Amounts due from related companies	24	**518**	19,903
Pledged bank deposits	25	**20,581**	20,581
Bank balances and cash			
— Cash at banks and on hand	25	**1,006,527**	112,117
— Short term bank deposits with maturity over three months	25	**832,520**	—
		2,557,487	2,906,910
Current liabilities			
Trade and other payables	26	**619,264**	541,227
Taxation		**1,650**	—
Amount due to a director	23	**—**	3,556
Amounts due to related companies	24	**25**	105,562
Bank borrowings — due within one year	27	**355,802**	333,802
Other financial liabilities	28	**—**	10,052
		976,741	994,199
Net current assets		**1,580,746**	1,912,711
Total assets less current liabilities		**6,836,665**	6,927,109
Non-current liabilities			
Bank borrowings — due after one year	27	**1,048,723**	1,404,525
Deferred tax liability	29	**191,465**	198,094
		1,240,188	1,602,619
Net assets		**5,596,477**	5,324,490

Consolidated Statement of Financial Position

As at 31 December 2013

	Note	**2013** **HK$'000**	2012 HK$'000
Capital and reserves			
Share capital	30	**624,672**	522,672
Reserves		**4,971,805**	4,801,818
Equity attributable to owners of the Company		**5,596,477**	5,324,490

The consolidated financial statements on pages 65 to 128 were approved and authorised for issue by the Board of Directors on 18 February 2014 and are signed on its behalf by:

Chow Kam Fai, David
Director

Sheldon Trainor-DeGirolamo
Director

Consolidated Statement of Changes In Equity

For the year ended 31 December 2013

	Attributable to owners of the Company						
	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 (Remarks)	Special reserve HK$'000 (note 28)	Share options reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2012	339,185	51,835	(323,835)	—	18,666	1,190,502	1,276,353
Profit and total comprehensive income for the year	—	—	—	—	—	535,341	535,341
Share-based payments (note 37)	—	8,303	—	—	—	—	8,303
Issue of shares as consideration for acquisition of subsidiaries (note 39)	183,487	3,336,206	—	—	—	—	3,519,693
Deemed distribution to a non-controlling shareholder (note 28)	—	—	—	(15,200)	—	—	(15,200)
Coupon paid (note 28)	—	—	—	5,148	—	(5,148)	—
At 31 December 2012	**522,672**	**3,396,344**	**(323,835)**	**(10,052)**	**18,666**	**1,720,695**	**5,324,490**
Profit and total comprehensive income for the year	**—**	**—**	**—**	**—**	**—**	**509,879**	**509,879**
Share-based payments (note 37)	**—**	**—**	**—**	**—**	**51,915**	**—**	**51,915**
Issue of shares	**102,000**	**2,293,548**	**—**	**—**	**(32,719)**	**—**	**2,362,829**
Transaction cost attributable to issue of new shares	**—**	**(208,342)**	**—**	**—**	**—**	**—**	**(208,342)**
Dividend (note 14)	**—**	**(2,446,583)**	**—**	**—**	**—**	**—**	**(2,446,583)**
Coupon paid (note 28)	**—**	**—**	**—**	**7,763**	**—**	**(7,763)**	**—**
Coupon waived (note 28)	**—**	**—**	**—**	**2,289**	**—**	**—**	**2,289**
At 31 December 2013	**624,672**	**3,034,967**	**(323,835)**	**—**	**37,862**	**2,222,811**	**5,596,477**

Remarks:

In December 2006, the companies comprising the Group underwent a group reorganisation ("Reorganisation") to rationalise the Group's structure which principally involved:

(i) transferred the entire interest in New Macau Landmark Management Limited ("New Macau Landmark") to Hong Hock Development Company Limited ("Hong Hock") for a nominal consideration on 5 December 2006; and

(ii) transferred the entire interest in Hong Hock to the Company and in return, the Company issued 1,852,499,999 ordinary shares and 1,397,500,000 mandatorily convertible preferred shares at HK$0.10 per share each to shareholders to Hong Hock on 14 December 2006. Accordingly, the Company became the holding company of the companies comprising the Group upon completion of the Reorganisation.

The other reserve of the Group represents the difference between nominal value of the shares of subsidiaries acquired by the Company and the nominal value of the shares of the Company issued for the acquisition at the time of the Reorganisation.

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Operating activities			
Profit before taxation		**506,550**	531,236
Adjustments for:			
Interest income		**(25,367)**	(2,173)
Interest expense		**58,971**	62,862
Listing expenses		**104,713**	—
(Reversal of allowance) allowance for bad and doubtful debts		**(1,844)**	1,216
(Reversal of allowance) allowance for inventories		**(11,680)**	6,311
Reversal of overprovision of construction cost		**—**	(13,152)
Depreciation of investment properties		**8,078**	6,461
Depreciation of property and equipment		**118,449**	97,221
Loss on disposal of property and equipment		**6,572**	—
Release of prepaid lease payments		**50,739**	34,895
Share-based payments		**51,915**	8,303
Operating cash flows before movements in working capital		**867,096**	733,180
Increase in inventories		**(1,582)**	(4,882)
(Increase) decrease in trade and other receivables		**(169,157)**	47,275
(Increase) decrease in amounts due from related companies		**(477)**	417
Increase in amount due to a related party		**25**	—
Increase in trade and other payables		**211,090**	52,632
Cash from operations		**906,995**	828,622
Macau complementary tax paid		**(1,650)**	—
Net cash from operating activities		**905,345**	828,622
Investing activities			
Acquisition of subsidiaries, net of cash and cash equivalents acquired	39	**—**	60,521
Additions of pledged bank deposit		**—**	(2)
Interest received		**9,042**	2,173
Advance to directors		**(247,860)**	(496,241)
Advance to related companies		**—**	(168,164)
Advance to gaming promoters		**(117,000)**	—
Repayment from gaming promoters		**81,272**	—
Purchase of property and equipment		**(377,800)**	(7,687)
Proceeds from disposal of property and equipment		**—**	335
Addition to prepaid lease payments		**(48,880)**	(67,962)
Placement of short-term deposits		**(832,520)**	—
Net cash used in investing activities		**(1,533,746)**	(677,027)

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	2013 HK$'000	2012 HK$'000
Financing activities		
Dividends paid	**(50,000)**	—
Proceeds from issue of shares	**2,196,844**	—
Share issue expenses	**(31,959)**	—
Interest paid	**(57,912)**	(62,862)
Listing expenses	**(104,713)**	—
Advance from a director	**—**	3,900
Repayment to a director	**(3,556)**	(2,444)
Repayment to related companies	**(105,562)**	(86)
Advance from a gaming promoter	**53,823**	79,773
Repayment to a gaming promoter	**(28,391)**	(133,960)
New bank borrowings raised	**—**	300,000
Repayment of bank borrowings	**(338,000)**	(290,322)
Coupon paid to a non-controlling shareholder	**(7,763)**	(5,148)
Net cash from (used in) financing activities	**1,522,811**	(111,149)
Net increase in cash and cash equivalents	**894,410**	40,446
Cash and cash equivalents at beginning of the year	**112,117**	71,671
Cash and cash equivalents at end of the year	**1,006,527**	112,117
Analysis of the cash and cash equivalents:		
Bank balances and cash	**1,839,047**	112,117
Less: Short-term bank deposits with maturity over three months	**(832,520)**	—
	1,006,527	112,117

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 5 October 2006 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company in Macau is 21/F, Macau Landmark Building, 555 Avenida da Amizade, Macau.

The Company is an investment holding company. Details of the principal activities of its subsidiaries are set out in note 42. The Group is the owner of entertainment and casino gaming facilities and leisure complex in Macau. The Company was incorporated to operate the business in the complex namely The Landmark Macau. In May 2012, the Group acquired 100% of the issued capital of Macau Fisherman's Wharf International Investment Limited ("MFW Investment"), which operates Macau Fisherman's Wharf ("MFW"), a waterfront integrated gaming, hotel, convention and entertainment complex located on the outer harbour of the Macau Peninsula. Details of the acquisition are set out in note 39.

On 5 July 2013, 934,827,000 ordinary shares of the Company of HK$0.1 each were issued at HK$2.35 per share for cash through an initial public offering by way of Hong Kong public offer and international placing. Details of the issue of shares are set out in the prospectus of the Company dated 17 June 2013 ("the Prospectus") and the supplemental prospectus of the Company dated 26 June 2013 (the "Supplemental Prospectus") respectively. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 5 July 2013 (the "Listing").

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are mandatorily effective for the current year:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009–2011 cycle
Amendments to HKFRS 7	Disclosures — offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKAS 1	Presentation of items of other comprehensive income
HK(IFRIC)-Int 20	Stripping costs in the production phase of a surface mine

The application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS	Annual improvements to HKFRSs 2010–2012 cycle[4]
Amendments to HKFRS	Annual improvements to HKFRSs 2011–2013 cycle[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
HKFRS 9	Financial instruments[3]
Amendments to HKAS 19	Defined benefit plans: employee contributions[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
HK(IFRIC)-INT 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

[2] Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

[3] Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

[4] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

The directors of the Company (the "Directors") anticipate that the application of these new and revised HKFRSs will have no material impact on the Group's financial performance and positions and/or on the disclosures set out in these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirely, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, income, equity, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for discounts.

Revenue from hotel operations, food and beverage, sales of merchandise and building management services are recognised when the services are rendered and goods are sold and it is probable that the economic benefits associated with the transaction will flow to the Group.

Revenue arising from provision of gaming related facilities and gaming related general management services is recognised when the gaming facilities are provided and relevant services have been rendered and the Group is entitled to the share of net gaming wins of the casinos.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's accounting policy for recognition of licensing income from investment properties under operating leases is described under the accounting policy for leasing below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Property and equipment

Property and equipment (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over (i) in the case of gaming machinery, the shorter of their estimated useful lives and the remaining term of the service agreement dated 25 September 2006 and its related amendments ("Service Agreement") and (ii) in the case of other property and equipment, their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Licensing income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term. Contingent rents arising under operating leases are recognised as income in the period in which they are earned.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is released over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Inventories

Inventories consist of food and beverage, retail merchandise and operating supplies and are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and costs necessary to make the sale.

Impairment of tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options and shares granted to directors

For grants of share options and shares that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options and shares granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options and shares that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, amounts due from directors, shareholders and related companies, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment. The accounting policy on impairment loss of loans and receivables is set out below.

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected. Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When trade and other receivables are considered uncollectible, they are written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instrument

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities, including trade and other payables, amounts due to a director and related companies and bank borrowings, are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities represent the Company's contractual obligation to deliver cash relating to coupon payments to a non-controlling shareholder described in note 28. At initial recognition, the fair value of other financial liabilities are estimated based on the present value of contractual obligation discounted using the prevailing market interest rate for similar debt with a similar credit rating, and measured at amortised cost using effective interest method in subsequent reporting periods.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 "Provisions, contingent liabilities and contingent assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

4. KEY SOURCE OF ESTIMATION UNCERTAINTY

The following is the key source of estimation uncertainty at the end of the reporting period, that has a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Income taxes

No deferred tax asset was recognised in the consolidated financial statements in relation to the unused tax losses available to offset against future profits of HK$492,300,000 (2012: HK$337,908,000). The realisation of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. Where the actual future profits generated are more than expected, further recognition of deferred tax asset in relation to unutilised tax losses may arise, which would be recognised in the consolidated statement of profit or loss and other comprehensive income for the year in which such a recognition takes place.

Depreciation

The carrying amounts of the Group's property and equipment (other than construction in progress) and investment properties are HK$2,114,869,000 (2012: HK$2,231,338,000) and HK$256,984,000 (2012: HK$265,062,000), respectively. The Group depreciates the property and equipment (other than construction in progress) and investment properties over their estimated useful lives, or, where appropriate, a shorter period of the remaining terms of the Service Agreement for gaming machinery, using the straight-line method commencing from the date of property and equipment (other than construction in progress) and investment properties are ready for the intended use. The estimated useful life reflects the Directors' estimate of the periods that the Group intend to derive future economic benefits from the use of the Group's property and equipment (other than construction in progress) and investment properties. The depreciation charges are adjusted on a prospective basis if there are significant changes from previous estimates.

Impairment of amount due from a gaming promoter and receivables from gaming operator

When there is objective evidence of an impairment loss on the receivables, the Group takes into consideration the estimation of future cash flows to determine the impairment loss. The amount of the impairment loss is measured as the difference between the receivables' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the receivables' original effective interest rate (i.e. the effective interest rate computed at initial recognition). When the actual future cash flows are less than expected, a material impairment loss may arise. The carrying amounts of the Group's amount due from a gaming promoter and receivables from gaming operator are HK$35,728,000 (2012: nil) and HK$401,775,000 (2012: HK$272,632,000) respectively.

4. KEY SOURCE OF ESTIMATION UNCERTAINTY (Continued)

Fair value of financial guarantee contracts and contingent liabilities

As described in note 35, based on management's assessment, the fair value of financial guarantee contracts and contingent liabilities in relation to a gaming promoter is considered as insignificant at the date of initial recognition and it is considered that the economic benefits outflow will not be probable as at 31 December 2013. In making the assessment, the management takes into account, among other things, the continuous cash flows from gaming operators to gaming promoters and historical settlement records of the gaming promoter. When the actual outcome is not as expected by the management, a material liability may arise.

Impairment of goodwill, investment properties, property and equipment and prepaid lease payments

The carrying amount of the Group's goodwill as at 31 December 2013 and 2012 is HK$681,986,000. Determining whether goodwill is impaired requires an estimation of the recoverable amount, which is the higher of the fair value less costs to sell and value in use of the CGU to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. Details of the value in use calculation are set out in note 20.

Determining whether the investment properties, property and equipment and prepaid lease payments are impaired requires an estimation of the recoverable amount of the individual asset or respective CGUs in which these assets belong, which is the higher of the value in use and fair value less costs to sell. Where the actual future cash flows or fair value less cost to sell are less than expected, a material impairment loss may arise. As at 31 December 2013, the carrying amounts of investment properties, property and equipment and prepaid lease payments are HK$131,143,000 (2012: HK$135,379,000), HK$1,714,479,000 (2012: HK$1,634,471,000) and HK$1,390,674,000 (2012: HK$1,380,800,000) respectively.

5. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the amounts due to a director and related companies, bank borrowings and other financial liabilities disclosed in notes 23, 24, 27 and 28 respectively and equity attributable to owners of the Company, comprising issued share capital disclosed in note 30 and reserves.

The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new shares issue as well as the issue of new debt or the redemption of existing debt.

5. FINANCIAL INSTRUMENTS (Continued)

Categories of financial instruments

	2013 HK$'000	2012 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**2,456,022**	2,815,857
Financial liabilities		
Amortised cost	**2,023,814**	2,398,724

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from (to) directors, shareholders and related companies, pledged bank deposits, bank balances and cash, trade and other payables, bank borrowings and other financial liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Interest rate risk

The Group is mainly exposed to cash flow interest rate risk in relation to variable-rate bank borrowings and bank deposits, and fair value interest rate risk in relation to fixed-rate pledged bank deposits, short-term bank deposits and non-interest bearing amounts due from/to directors, shareholders and related companies.

The Group currently does not have interest rate hedging policy. However, management closely monitors its exposure to future cash flow risk as a result of change on market interest rate and will consider hedging changes in market interest rates should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offer Rate ("HIBOR") and Macau prime rate and arising from the Group's variable-rate borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate for bank borrowings. The sensitivity analysis is prepared assuming the bank borrowings outstanding at the end of the reporting period were outstanding for the whole year. No sensitivity analysis is provided on bank deposits as the Directors consider that the interest rate fluctuation on bank deposits is minimal.

A 50 basis point (2012: 50 basis point) increase or decrease is used, which represents management's assessment of the reasonably possible change in interest rates. If the interest rate had been 50 basis point higher/lower and all other variables were held constant, the Group's post-tax profit would decrease/increase by approximately HK$7,023,000 (2012: HK$8,692,000).

In the opinion of the Directors, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the year end exposure does not reflect the exposure during the respective year.

5. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Currency risk

Certain trade and other receivables, trade and other payables, bank balances and cash and amounts due from (to) related companies are denominated in foreign currencies other than the functional currency of the relevant group entities, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting periods are as follows:

	Assets	
	2013	2012
	HK$'000	HK$'000
Macau Pataca ("MOP")	**604,233**	154,515
EURO	**134**	4,821
Renminbi ("RMB")	**1,299,664**	—

	Liabilities	
	2013	2012
	HK$'000	HK$'000
MOP	**595,750**	682,283

The Directors do not expect any significant foreign currency exposure as MOP is pegged to HK$.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against HK$. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency dominated monetary items. As at 31 December 2013, a negative number below indicates a decrease in post-tax profit for the year where the HK$ strengthen 5% against RMB. For a 5% weakening of the HK$ against RMB, there would be an equal and opposite impact on the post-tax profit for the year.

	2013	2012
	HK$'000	HK$'000
Decrease in post-tax profit for the year	**(64,983)**	N/A

5. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge obligations by the counterparties as at the end of reporting period are arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 35.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts, if any. The Group reviews the recoverable amount of each individual debt, advance and credit risk associated with guarantees to gaming promoters at the end of the reporting period to ensure that adequate impairment losses or provision are made for irrecoverable amounts or guaranteed amounts.

In relation to the gaming business, the Group has concentration of credit risk on trade receivable as 71% (2012: 72%) of the total trade receivables is due from the Group's largest customer within the gaming segment, which is a gaming operator in Macau. The Group also has concentration of credit risk on other receivable as 85% (2012: 95%) of the total other receivables is due from this customer as at 31 December 2013. Having considered the continuous subsequent settlements and no historical default of payments by this customer, the Directors consider that the credit risk is significantly reduced.

In addition, the Group has concentration of credit risk on the Group's advances and guarantees to gaming promoters who are responsible for the operation of VIP room(s) at Pharaoh's Palace Casino and Babylon Casino. In ascertaining the recoverability of the advances and credit risk associated with guarantees to gaming promoters, the Group considers the continuous cash inflow from gaming operator to gaming promoters and continuous settlement to the Group from gaming promoters. As a result, the Directors consider that the Group's exposure to credit risk on these advances and guarantees is significantly reduced.

In relation to the non-gaming business, before accepting any new customers with the grant of credit period, the Group will assess the potential customers' credit quality by reference to the experience of the management and defines credit limit by customers. Such credit limit is reviewed by the management periodically. The Group has no significant concentration of credit risk from the non-gaming business, with exposure spread over a number of customers.

The Group has significant concentration risk in respect of amounts due from directors, shareholders and related companies. The details are set out in notes 23 and 24. Having considered the financial background and creditability of the directors, shareholders and related companies, the management of the Group considered that the amounts at the end of the reporting period are recoverable and credit risk on amounts due from them is not significant.

The credit risk for bank deposits and bank balances is considered as minimal as such amounts are placed in banks with good reputation in Macau Special Administrative Region ("MSAR").

5. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the operations and mitigate the effects of fluctuations in cash flows. The Group relies on bank borrowings as a significant source of liquidity. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

Liquidity table

The following tables details the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average effective interest rate	Repayable on demand or within 3 months	Between 3 months to 1 year	Between 1 to 2 years	Between 2 to 5 years	Total undiscounted cash flows	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2013							
Non-interest bearing instruments	**N/A**	**619,289**	**—**	**—**	**—**	**619,289**	**619,289**
Variable interest rate instruments	**3.54%**	**102,500**	**302,576**	**402,147**	**695,063**	**1,502,286**	**1,404,525**
Financial guarantee contract	**N/A**	**320,000**	**—**	**—**	**—**	**320,000**	**—**
		1,041,789	**302,576**	**402,147**	**695,063**	**2,441,575**	**2,023,814**
At 31 December 2012							
Non-interest bearing instruments	N/A	654,062	6,335	—	—	660,397	660,397
Variable interest rate instruments	3.63%	88,502	307,202	405,073	1,097,241	1,898,018	1,738,327
Financial guarantee contract	N/A	300,000	—	—	—	300,000	—
		1,042,564	313,537	405,073	1,097,241	2,858,415	2,398,724

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

5. FINANCIAL INSTRUMENTS (Continued)

Fair values

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

6. REVENUE

Revenue mainly represents the amount received and receivable for good sold and services rendered by the Group to outside customers, less discounts. An analysis of the Group's revenue is as follows:

	2013 **HK$'000**	2012 HK$'000
Revenue from provision of gaming related facilities and gaming related general management services under the Service Agreement in respect of:		
— Mass market tables	**1,140,459**	984,461
— VIP rooms	**127,386**	110,810
— Slot machines	**10,815**	16,171
	1,278,660	1,111,442
Revenue from non-gaming operations:		
— Rental income from hotel rooms	**143,588**	135,093
— Licensing income from investment properties	**72,299**	48,948
— Income from building management services	**62,963**	42,928
— Food and beverage	**158,870**	132,692
— Sales of merchandise	**40,150**	22,506
— Others	**7,224**	7,479
	485,094	389,646
	1,763,754	1,501,088

7. SEGMENT INFORMATION

The executive directors of the Company (the "Executive Directors") have been identified as the chief operating decision marker. The Executive Directors review the Group's internal reports in order to assess performance and allocate resources.

For provision of gaming related facilities and gaming related general management services, the Executive Directors regularly analyse gaming related revenue in terms of service income from mass market tables, VIP rooms and slot machines. No operating result or discrete financial information is presented to the Executive Directors in relation to the above analysis. The Executive Directors review separately the entire revenues and operating results attributable to gaming related services and non-gaming operations. As such, the Executive Directors have identified the operating and reportable segments under HKFRS 8 as gaming and non-gaming operations.

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

Gaming — gaming related services for mass market tables, VIP rooms and slot machines under the service agreement dated 25 September 2006 and its related amendments (collectively the "Service Agreement") entered into between Hong Hock and gaming operator, Sociedade de Jogos de Macau, S.A. ("SJM"), whereby the revenue is derived based on net gaming wins.

Non-gaming — operations at The Landmark Macau and MFW including hotel and other operations such as licensing income from the shops, provision of building management service, food and beverage and others.

Segment revenue and results

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

For the year ended 31 December 2013

	Gaming HK$'000	Non-gaming HK$'000	Segment total HK$'000	Elimination HK$'000	Consolidated HK$'000
External revenue	1,278,660	485,094	1,763,754	—	1,763,754
Inter-segment revenue	—	52,540	52,540	(52,540)	—
Segment revenue	1,278,660	537,634	1,816,294	(52,540)	1,763,754
Segment profit	865,865	20,792	886,657	—	886,657
Unallocated depreciation and release of prepaid lease payments					(67,434)
Unallocated corporate expenses					(148,989)
Listing expenses					(104,713)
Finance costs					(58,971)
Profit before taxation					506,550

7. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the year ended 31 December 2012

	Gaming HK$'000	Non-gaming HK$'000	Segment total HK$'000	Elimination HK$'000	Consolidated HK$'000
External revenue	1,111,442	389,646	1,501,088	—	1,501,088
Inter-segment revenue	—	57,785	57,785	(57,785)	—
Segment revenue	1,111,442	447,431	1,558,873	(57,785)	1,501,088
Segment profit	704,593	1,150	705,743	—	705,743
Unallocated depreciation and release of prepaid lease payments					(37,112)
Unallocated corporate expenses					(63,033)
Listing expenses					(11,500)
Finance costs					(62,862)
Profit before taxation					531,236

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

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the results of each segment without allocation of depreciation of investment properties and property and equipment and release of prepaid lease payments arising from the fair value adjustments on acquisition of MFW Investment and its subsidiaries (collectively referred to as the "MFW Group") and unallocated common area in MFW, corporate expenses, finance costs and listing expenses. Corporate expenses include directors' remuneration paid or payable by the Company and certain administrative expenses for corporate use. This is the measure reported to the Executive Directors for the purposes of resource allocation and performance assessment.

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

7. SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 December 2013

	Gaming HK$'000	Non-gaming HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit:				
Depreciation of property and equipment	**21,258**	**66,546**	**30,645**	**118,449**
Depreciation of investment properties	**—**	**6,485**	**1,593**	**8,078**
Release of prepaid lease payments	**—**	**15,543**	**35,196**	**50,739**
Reversal of allowance for inventories	**—**	**(11,680)**	**—**	**(11,680)**
Reversal of allowance for bad and doubtful debts	**—**	**(1,844)**	**—**	**(1,844)**
Loss on disposal of property and equipment	**4,718**	**1,854**	**—**	**6,572**

For the year ended 31 December 2012

	Gaming HK$'000	Non-gaming HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit:				
Depreciation of property and equipment	25,791	57,409	14,021	97,221
Depreciation of investment properties	—	5,234	1,227	6,461
Release of prepaid lease payments	133	12,898	21,864	34,895
Allowance for inventories	—	6,311	—	6,311
Allowance for bad and doubtful debts	—	1,216	—	1,216

Geographical information

All revenue of the Group is derived from customers in Macau based on location of the operations.

All non-current assets of the Group are located in Macau based on geographical location of the assets.

Information about major customers

Revenues from customer contributing over 10% of the total revenue of the Group are as follows:

	2013 HK$'000	2012 HK$'000
Customer A	**1,143,974**[1]	1,000,632[1]

1 Revenue from gaming related services

8. OTHER INCOME, GAINS AND LOSSES

	2013 HK$'000	2012 HK$'000
Bank interest income	**25,367**	2,173
Credit card commission income	**284**	1,051
Management fee income from directors (note)	**5,078**	12,188
Net foreign exchange gain	**15,874**	1,231
Loss on disposal of property and equipment	**(6,572)**	—
Reversal of allowance (allowance) for bad and doubtful debts	**1,844**	(1,216)
Reversal of overprovision of construction cost	**—**	13,152
Others	**20,820**	7,478
	62,695	36,057

Note: The management fee income from directors represents the provision of general management and administrative services to directors for use of the aircraft of the Group.

9. FINANCE COSTS

	2013 HK$'000	2012 HK$'000
Interest on bank borrowings wholly repayable within five years	**58,971**	62,862

10. DIRECTORS' REMUNERATION AND CHIEF EXECUTIVE'S EMOLUMENTS

The remuneration paid or payable to the Directors and chief executive was as follows:

	Chow Kam Fai, David ("David Chow") HK$'000	Lam Fong Ngo HK$'000	Sheldon Trainor-DeGirolamo HK$'000 (note 1)	Tong Ka Wing, Carl HK$'000 (note 1)	Fong Chung, Mark HK$'000 (note 2)	Xie Min HK$'000 (note 2)	Tam Wai Chu, Maria HK$'000 (note 2)	Chan Mei Yi, Melinda HK$'000 (note 3)	Li Chi Keung HK$'000 (note 4)	Total HK$'000
For the year ended 31 December 2013										
Fee	**—**	**—**	**—**	**—**	**217**	**206**	**206**	**—**	**—**	**629**
Salaries and allowances	**15,929**	**4,572**	**2,777**	**4,000**	**—**	**—**	**—**	**—**	**—**	**27,278**
Performance related incentive payments	**12,565**	**—**	**—**	**1,600**	**48**	**45**	**45**	**—**	**—**	**14,303**
Share-based payments	**24,104**	**—**	**18,541**	**9,270**	**—**	**—**	**—**	**—**	**—**	**51,915**
Contributions to retirement benefits scheme	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total remuneration	**52,598**	**4,572**	**21,318**	**14,870**	**265**	**251**	**251**	**—**	**—**	**94,125**
For the year ended 31 December 2012										
Fee	—	—	—	—	—	—	—	—	—	—
Salaries and allowances	15,744	3,406	—	—	—	—	—	—	1,018	20,168
Performance related incentive payments	6,608	476	—	—	—	—	—	—	132	7,216
Share-based payments	8,303	—	—	—	—	—	—	—	—	8,303
Contributions to retirement benefits scheme	—	—	—	—	—	—	—	—	—	—
Total remuneration	30,655	3,882	—	—	—	—	—	—	1,150	35,687

Notes:

1. Sheldon Trainor-DeGirolamo and Tong Ka Wing, Carl were appointed as directors on 18 May 2012.
2. Fong Chung, Mark, Xie Min and Tam Wai Chu, Maria were appointed as directors on 5 June 2013.
3. Melinda Chan Mei Yi resigned as director on 18 May 2012.
4. Li Chi Keung resigned as director on 11 December 2012.

The performance related incentive payments to the Directors are determined by reference to the Group's performance and approved by the Board of Directors.

David Chow is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

During both years, no remuneration was paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any remuneration in both years.

11. EMPLOYEES' REMUNERATION

The emoluments of the five individuals with highest emoluments in the Group were as follows:

	2013 HK$'000	2012 HK$'000
Salaries, allowances and benefits	28,787	22,982
Performance related incentive payments	15,698	7,639
Contributions to retirement benefits scheme	—	—
Share-based payments	51,915	8,303
	96,400	38,924

Their emoluments were within the following bands:

	2013 No. of individuals	2012 No. of individuals
HK$1,000,001 to HK$1,500,000	—	2
HK$1,500,001 to HK$2,000,000	—	1
HK$3,000,001 to HK$3,500,000	1	—
HK$3,500,001 to HK$4,000,000	—	1
HK$4,500,001 to HK$5,000,000	1	—
HK$14,500,001 to HK$15,000,000	1	—
HK$21,000,001 to HK$21,500,000	1	—
HK$30,500,001 to HK$31,000,000	—	1
HK$52,500,001 to HK$53,000,000	1	—
	5	5

During both years, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

12. PROFIT BEFORE TAXATION

	2013 HK$'000	2012 HK$'000
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**1,900**	1,962
Listing expenses	**104,713**	11,500
Staff costs		
Directors' remuneration	**94,125**	35,687
Other staff costs		
— salaries and other benefits	**278,620**	195,000
— contributions to retirement benefits schemes	**588**	723
	373,333	231,410
Depreciation of investment properties	**8,078**	6,461
Depreciation of property and equipment	**118,449**	97,221
Release of prepaid lease payments	**50,739**	34,895
Operating lease rentals in respect of leasehold land and buildings	**10,122**	6,366
(Reversal of allowance) allowance for inventories (note)	**(11,680)**	6,311
Cost of inventories recognised as an expense	**76,626**	59,972
Gross licensing income from investment properties	**(72,299)**	(48,948)
Less: Direct operating expenses that generate licensing income	**8,078**	6,461
Net licensing income	**(64,221)**	(42,487)

Note: As at 31 December 2013, the management revisited the allowance for closing inventories with reference to actual selling price transacted during the year ended 31 December 2013. Accordingly, an amount of HK$11,680,000 as made in prior years was reversed during the year.

13. TAXATION CREDIT

	2013 HK$'000	2012 HK$'000
Current tax charge	**(3,300)**	—
Deferred taxation credit (note 29)	**6,629**	4,105
Income tax credit	**3,329**	4,105

Macau Complementary Tax is calculated at the maximum progressive rate of 12% on the estimated assessable profit for the year. No provision for Macau Complementary Tax and Hong Kong Profits Tax has been made in the consolidated financial statements as the relevant group entities either incurred tax losses or had estimated assessable profits fully absorbed by tax losses brought forward from prior years.

13. TAXATION CREDIT (Continued)

Pursuant to the Dispatch of the Macau Financial Services Bureau dated 17 November 2006 and a confirmation letter issued by the Macau Financial Services Bureau dated 14 January 2013, gaming related revenue generated from the Service Agreement is not subject to Macau Complementary Tax since it is derived from SJM gaming revenue, which gaming revenue is exempted pursuant to the terms of no. 2 of article 28 of the Law 16/2001 and the exemption granted by Dispatch no. 30/2004 of 23 February 2004 and further by Dispatch no. 378/2011 of 23 November 2011.

Pursuant to the Dispatch of the Macau Financial Services Bureau dated 28 June 2013, Hong Hock, a wholly-owned subsidiary of the Company, is allowed to pay an annual lump sum dividend withholding tax of MOP1,700,000 (equivalent to approximately HK$1,650,000) for each of the years ended 31 December 2012 through to 2016 as payment in lieu of Macau Complementary Tax otherwise due by the shareholders of Hong Hock on dividend distributions from gaming profits generated in relation to the operation of the casinos at The Landmark Macau and MFW. Such annual lump sum tax payments are required regardless of whether dividends were actually distributed or whether Hong Hock has distributable profits in the relevant years. During the year ended 31 December 2013, provision for taxation of HK$3,300,000 has been made.

The taxation for the year can be reconciled to the profit before taxation as follows:

	2013 **HK$'000**	2012 HK$'000
Profit before taxation	**506,550**	531,236
Taxation at Macau Complementary Tax rate at 12%	**60,786**	63,748
Tax effect of expenses not deductible for tax purpose	**75,204**	53,317
Tax effect of income not taxable for tax purpose	**(7,648)**	(2,546)
Tax effect of tax exemption granted to gaming related revenue	**(153,439)**	(133,373)
Tax effect of estimated tax losses not recognised	**18,527**	14,749
Lump sum dividend tax	**3,300**	—
Others	**(59)**	—
Taxation credit	**(3,329)**	(4,105)

As at 31 December 2013, the Group has tax losses of HK$492,300,000 (2012: HK$337,908,000) from non-gaming operations available for offset against future profit that will expire in three years from the year of assessment. As at 31 December 2012, approximately HK$101,143,000 of tax losses have expired. No tax losses have expired during the year.

Having considered (i) the unpredictability of future profit streams for the non-gaming operations; and (ii) the fact that tax losses can only be utilised in three years from the year of assessment, the Directors are of the view that it may not be probable that taxable profits will be available against which unutilised tax losses can be utilised. As a result, no deferred tax assets have been recognised.

14. DIVIDEND

Interim dividend (prior to the Listing)

On 5 June 2013, the Company declared a dividend of total amount of HK$2,446,583,000 to its then shareholders (excluding those who have waived their rights and entitlements to any dividend declared by the Company prior to the Listing) including David Chow, Lam Fong Ngo, Li Chi Keung, All Landmark Properties Limited ("All Landmark"), Grand Bright Holdings Limited ("Grand Bright"), Elite Success International Limited ("Elite Success") and The Legend Club Limited.

Pursuant to a deed of assignment and set-off (the "Deed of Assignment and Set-off") entered into among the Company and the above-mentioned shareholders who are entitled to the dividend declared by the Company on 5 June 2013, All Landmark, Grand Bright, Elite Success and The Legend Club Limited assigned HK$354,105,000, HK$154,549,000, HK$77,672,000 and HK$40,890,000 of their respective entitlements to the aforesaid dividends to David Chow for nil consideration and each of Grand Bright and Elite Success assigned HK$459,882,000 and HK$333,328,000 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 (the "Adjusted Entitlement") to set off the amounts due to the Company by them in their capacity as shareholders and/or directors (as applicable). Pursuant to the Deed of Assignment and Set-off, a total Adjusted Entitlement of HK$2,396,583,000 was applied by the relevant shareholders in aggregate to set off all the amounts due to the Company by them (including amounts due from directors of HK$2,220,741,000 and amounts due from shareholders of HK$175,842,000) on 5 June 2013. The balance of dividend of HK$50,000,000 was settled in cash in July 2013.

Final dividend

The Directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2013.

15. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	2013 **HK$'000**	2012 HK$'000
Profit for the year for the purposes of basic and diluted earnings per share	**509,879**	535,341

15. EARNINGS PER SHARE (Continued)

Number of shares

	2013 '000	2012 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**5,732,471**	4,520,315
Effect of dilutive potential ordinary shares		
— Share options	**9,251**	—
— Directors' Reward Shares (as defined in note 37)	**25,099**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**5,766,821**	4,520,315

During the year ended 31 December 2012, the calculation of diluted earnings per share did not assume the exercise of the Company's share options and shares awarded to the Directors since the effect was insignificant.

16. INVESTMENT PROPERTIES

	HK$'000
COST	
At 1 January 2012	192,031
Acquired on acquisition of subsidiaries (note 39)	138,000
At 31 December 2012 and 2013	330,031
DEPRECIATION	
At 1 January 2012	58,508
Provided for the year	6,461
At 31 December 2012	64,969
Provided for the year	8,078
At 31 December 2013	73,047
CARRYING AMOUNTS	
At 31 December 2013	256,984
At 31 December 2012	265,062

The above investment properties are depreciated on a straight line basis over 50 years.

16. INVESTMENT PROPERTIES (Continued)

All the Group's investment properties are held for leasing purpose under operating leases and are situated on land in Macau under medium-term lease.

As at 31 December 2013 and 2012, all the Group's investment properties were pledged to banks to secure the bank borrowings granted to the Group. Details are set out in notes 27 and 31.

As at 31 December 2013, the fair values of the Group's investment properties together with the leasehold interest in land included in the Group's prepaid lease payments amounted to HK$2,906,000,000 (2012: HK$2,483,000,000). The fair value has been arrived based on an estimation carried out by management.

The fair value was determined by comparison method on the assumption that they can be sold in their existing states and conditions. Comparison is based on prices of actual sales of similar properties.

There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties together with the leasehold interest in land, the highest and best use of the properties together with the leasehold interest in land is their current use.

Details of the Group's investment properties together with the leasehold interest in land and information about the fair value hierarchy as at 31 December 2013 are as follows:

	Level 1	**Level 2**	**Level 3**	**Fair value as at 31.12.2013**
	HK$'000	HK$'000	HK$'000	HK$'000
Commercial property units located in Macau	—	—	2,906,000	2,906,000

There were no transfers into or out of Level 3 during the year.

Further details of the Group's major properties are set out in the section headed "Particulars of Major Properties" in this annual report.

17. PROPERTY AND EQUIPMENT

	Buildings HK$'000	Aircraft HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Machinery HK$'000	Construction in progress HK$'000	Total HK$'000
COST								
At 1 January 2012	586,116	97,500	60,450	381,264	1,315	228,016	4,735	1,359,396
Additions	420	—	3,083	2,841	—	499	2,265	9,108
Disposals	—	—	(794)	(277)	—	(64)	—	(1,135)
Acquired on acquisition of subsidiaries (note 39)	1,276,286	—	289,263	38,714	4,557	33,180	45,615	1,687,615
At 31 December 2012	1,862,822	97,500	352,002	422,542	5,872	261,631	52,615	3,054,984
Additions	—	—	2,721	3,276	—	2,555	374,279	382,831
Disposals	—	—	(16,358)	(13,332)	(123)	(19,018)	—	(48,831)
At 31 December 2013	1,862,822	97,500	338,365	412,486	5,749	245,168	426,894	3,388,984
DEPRECIATION								
At 1 January 2012	99,388	5,078	40,119	345,035	1,051	183,939	—	674,610
Provided for the year	32,923	12,188	20,400	18,934	759	12,017	—	97,221
Eliminated on disposals	—	—	(490)	(253)	—	(57)	—	(800)
At 31 December 2012	132,311	17,266	60,029	363,716	1,810	195,899	—	771,031
Provided for the year	45,908	12,188	28,064	17,789	1,142	13,358	—	118,449
Eliminated on disposals	—	—	(14,267)	(13,239)	(123)	(14,630)	—	(42,259)
At 31 December 2013	178,219	29,454	73,826	368,266	2,829	194,627	—	847,221
CARRYING AMOUNTS								
At 31 December 2013	1,684,603	68,046	264,539	44,220	2,920	50,541	426,894	2,541,763
At 31 December 2012	1,730,511	80,234	291,973	58,826	4,062	65,732	52,615	2,283,953

According to the Service Agreement, gaming machinery (included in the class "machinery") has to be returned to the Macau Government at no cost upon the expiry of SJM concession contract in year 2020.

The above items of property and equipment, except for construction in progress, are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over the shorter of the term of the lease or 50 years
Aircraft	12.5%
Furniture, fixtures and equipment	5%–50%
Leasehold improvements	10%–33%
Motor vehicles	10%–25%
Machinery (except for "gaming machinery")	5%–15%
Gaming machinery	10% or over the remaining term of SJM concession contract expiring in 2020

The Group's buildings are situated on land in Macau under medium-term lease.

As at 31 December 2013 and 2012, all the Group's buildings are pledged to banks to secure the bank borrowings granted to the Group. Details are set out in notes 27 and 31.

During both years, the Directors consider no impairment loss is required in respect of the Group's property and equipment.

18. PREPAID LEASE PAYMENTS

	2013	2012
	HK$'000	HK$'000
The Group's prepaid lease payments comprise:		
Medium-term leasehold land in Macau	**1,826,476**	1,828,335
Analysed for reporting purposes as:		
Current asset	**51,290**	49,969
Non-current asset	**1,775,186**	1,778,366
	1,826,476	1,828,335

As at 31 December 2013 and 2012, all the Group's prepaid lease payments were pledged to banks to secure the bank borrowings granted to the Group. Details are set out in notes 27 and 31.

As at 31 December 2012, the Group's prepaid lease payments included a premium of HK$1,288,873,000 arising from acquisition of prepaid lease payment through acquisition of MFW Group as set out in note 39.

Pursuant to the Macau Official Gazette dated 26 September 2012, MFW Investment accepted the terms and conditions of revised land concession contract, in which MFW Investment agreed to pay land premium of MOP208,658,000 (equivalent to approximately HK$202,581,000) as consideration for revising the land area covered and the change of use of the land. At as 31 December 2012, land premium of MOP70,000,000, (equivalent to approximately HK$67,962,000) was paid. Remaining land premium of MOP138,658,000 (equivalent to approximately HK$134,619,000) together with annual interest at 5% per annum will be paid semi-annually by six equal instalments starting from date of Macau Official Gazette. During the year ended 31 December 2013, land premium with related interest of MOP50,346,000 (equivalent to approximately HK$48,880,000) was paid.

19. GOODWILL

	HK$'000
COST AND CARRYING VALUE	
At 1 January 2012	—
Arising on acquisition of subsidiaries (note 39)	681,986
At 31 December 2012 and 2013	681,986

The impairment testing on goodwill is disclosed in note 20.

20. IMPAIRMENT TESTING

Goodwill arose from the acquisition of MFW Group are detailed in note 39. The MFW Group operates MFW, a waterfront integrated gaming, hotel, convention and entertainment complex. The carrying amount of goodwill had been allocated to the business relating to provision of gaming related facilities and gaming related general management services carried out by the MFW Group. Management considered this as a single CGU for the purpose of impairment testing of the goodwill.

The recoverable amount of this CGU is determined based on value in use calculations. The key assumptions for the value in use calculations include discount rates, growth rates and expected changes to revenue and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are estimated by reference to the industry growth forecasts. Changes in revenue and direct costs are based on past practices and expectations of future changes in the market.

The Group prepared cash flows forecasts derived from the most recent financial budgets approved by management for the next five years. Cash flows beyond five years are extrapolated using a steady 2% (2012: 2%) growth rate for CGU. This growth rate does not exceed the average long-term growth rate for the relevant industry. The rate used to discount the forecast cash flows for CGU is 12% (2012: 12%) per annum. In the opinion of the directors, no impairment loss is required for the year ended 31 December 2013. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of CGU to exceed the aggregate recoverable amount of CGU.

21. INVENTORIES

	2013 HK$'000	2012 HK$'000
Food and beverage	**10,655**	9,867
Retail merchandise	**27,097**	14,229
Operating supplies	**3,242**	3,636
	40,994	27,732

22. TRADE AND OTHER RECEIVABLES

	2013 HK$'000	2012 HK$'000
Trade receivables	**131,083**	175,797
Less: Allowance for doubtful debts	**(14)**	(4,176)
	131,069	171,621
Other receivables and deposits	**27,304**	8,985
Prepayments	**9,181**	13,352
Receivables from gaming operator received on behalf of gaming promoters	**401,775**	272,632
Amount due from a gaming promoter	**35,728**	—
Total trade and other receivables	**605,057**	466,590

The receivables from gaming operator and amount due from a gaming promoter are non-trading nature, unsecured, non-interest bearing and repayable on demand.

At the end of the reporting period, included in the Group's trade receivables balance are aggregate carrying amount of HK$1,216,000 (2012: HK$5,204,000), which are due from directors in relation to hotel services provided by the Group to them. Such amounts due from directors are unsecured, non-interest bearing and repayable on demand.

Before accepting any new customers, the Group assesses the potential customer's credit quality by evaluating their historical credit records and defines credit limits by customers. Recoverability and credit limit of the existing customers are reviewed by the Group regularly. At the end of the reporting period, included in the Group's trade receivable balances are receivables with aggregate carrying amount of HK$111,072,000 (2012: HK$98,584,000), which are neither past due nor impaired. The Directors considered that trade receivables which are neither past due nor impaired are of good credit quality given the continuous subsequent settlements from gaming operator and other customers.

22. TRADE AND OTHER RECEIVABLES (Continued)

The Group allows a credit period with an average of 30 days to the gaming operator relating to provision of gaming related services, an average of 30 days to certain hotel guests and an average of 15 days to its tenants. The following is an aged analysis of trade receivables net of allowance for bad and doubtful debts presented based on the invoice date at the end of the reporting period.

	2013 **HK$'000**	2012 HK$'000
Within 3 months	**120,334**	107,609
Over 3 months but within 6 months	**802**	2,625
Over 6 months but within 1 year	**1,452**	1,857
Over 1 year	**8,481**	59,530
	131,069	171,621

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$19,997,000 (2012: HK$73,037,000), which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The trade receivables which are past due but not impaired were either settled subsequent to the end of the reporting period or amounts due from debtors which do not have historical default of payments. The Group does not hold any collateral over these balances.

Aged analysis of trade receivables which are past due but not impaired

	2013 **HK$'000**	2012 HK$'000
Over 1 month but within 3 months	**9,262**	9,025
Over 3 months but within 6 months	**802**	2,625
Over 6 months but within 1 year	**1,452**	1,857
Over 1 year	**8,481**	59,530
	19,997	73,037

22. TRADE AND OTHER RECEIVABLES (Continued)

Movement in the allowance for bad and doubtful debts

	2013	2012
	HK$'000	HK$'000
Balance at beginning of the year	**4,176**	2,960
Impairment losses recognised on receivables	**47**	1,216
Amount written off	**(2,318)**	—
Amount recovered	**(1,891)**	—
Balance at end of the year	**14**	4,176

At the end of the reporting period, included in the allowance for bad and doubtful debts are individually impaired trade receivables with an aggregate balance of HK$14,000 (2012: HK$4,176,000) which are either aged over one year or placed under liquidation or in severe financial difficulty. In determining the recoverability of a trade receivable, the Group considers any change in credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The Directors believe that no further credit provision is required in excess of the allowance for bad and doubtful debts.

At the end of the reporting period, the carrying amount of the trade receivables, which have been pledged to banks to secure the bank borrowings granted to the Group, is HK$23,173,000 (2012: HK$73,274,000). Details are set out in notes 27 and 31.

23. AMOUNTS DUE FROM (TO) DIRECTORS AND SHAREHOLDERS

The amounts due from directors and shareholders were non-trading in nature, unsecured, non-interest bearing and repayable on demand. As represented by the Directors, the amounts were expected to be repayable within twelve months from the end of the reporting periods and as such, the amounts were classified as current assets. The amount due to a director was non-trading in nature, unsecured, non-interest bearing and repayable on demand.

On 5 June 2013, all the amounts due from directors and shareholders of HK$2,220,741,000 and HK$175,842,000 respectively were set-off by the relevant dividend entitlements (after dividend payable by the Company to shareholders, as adjusted pursuant to the Deed of Assignment and Set-off). Details of the dividend and set-off arrangement are set out in note 14.

Amounts due from directors and shareholders disclosed pursuant to section 161B of the Hong Kong Companies Ordinance are as follows:

				Maximum amount outstanding during the year ended 31 December	
	Balance at 31/12/2013	Balance at 31/12/2012	Balance at 1/1/2012	**2013**	2012
	HK$'000	HK$'000	HK$'000	**HK$'000**	HK$'000
Directors					
David Chow	—	1,059,159	539,510	**1,265,928**	1,059,159
Lam Fong Ngo	—	487,284	260,000	**548,273**	487,284
Li Chi Keung (Note 1)	—	425,310	20,000	**430,848**	425,310
	—	1,971,753	819,510		
Shareholders					
All Landmark (Note 2)	—	164,890	164,890	**164,890**	164,890
Grand Bright (Note 3)	—	33,865	33,865	**33,865**	33,865
Elite Success (Note 4)	—	39,510	39,510	**39,510**	39,510
	—	238,265	238,265		

Notes:

(1) Li Chi Keung resigned as director on 11 December 2012.

(2) The company is controlled by David Chow.

(3) The company is controlled by Lam Fong Ngo.

(4) The company is controlled by Li Chi Keung and his spouse.

24. AMOUNTS DUE FROM (TO) RELATED COMPANIES

The amounts due from (to) related companies are unsecured and non-interest bearing. For non-trading balances, they are repayable on demand. For trade balances, the Group allows an average credit period of 3 months to its related companies.

Details of amounts due from related companies are stated as follows:

	Balance at 31/12/2013 HK$'000	Balance at 31/12/2012 HK$'000	Balance at 1/1/2012 HK$'000	Maximum amount outstanding during the year ended 31 December 2013 HK$'000	2012 HK$'000
Trading					
北京華海金寶房地產開發有限公司 (Note 1)	—	39			
Macau Landmark Management Limited (Note 2)	516	—			
	516	39			
Non-trading					
Legend Development Company Limited (Note 3)	—	19,862	19,862	19,862	19,862
MFW Investment (Note 4)	—	—	304,414	—	656,002
Other (Note 2)	2	2	1	2	2
	2	19,864	324,277		
Amounts due from related companies	518	19,903			

Notes:

(1) The related company is significantly influenced by David Chow and his spouse through shareholding.

(2) The related company is wholly owned by David Chow, Lam Fong Ngo and Li Chi Keung.

(3) The related company is wholly owned by David Chow and his spouse.

(4) The related company is significantly influenced by David Chow, Lam Fong Ngo and Li Chi Keung who indirectly owned a total of 49% equity interest as at 31 December 2011.

24. AMOUNTS DUE FROM (TO) RELATED COMPANIES (Continued)

As at 31 December 2013, the trade balance of HK$516,000 is aged within 3 months. As at 31 December 2012, the trade balance of HK$39,000 due from a related company was aged over 6 months but within 1 year and was past due as for which the Group had not provided for impairment loss. The Group did not hold any collateral over the balance.

Details of the amounts due to related companies are stated as follows:

	2013 **HK$'000**	2012 HK$'000
Trading		
北京華海金寶房地產開發有限公司	**25**	—
Non-trading		
Macau Landmark Management Limited	**—**	105,562
Amounts due to related companies	**25**	105,562

The Group's relationship with the above related companies is explained in above.

25. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

Pledged bank deposits

At the end of the reporting period, pledged bank deposits represent deposits pledged to banks as security for use of electricity granted by a third party to the MFW Group and for the arrangement of letter of credit of the MFW Group. The balance carried an average fixed interest rate of 0.22% (2012: 0.22%) per annum.

Bank balances and cash

Cash at banks and on hand comprise cash held by the Group and short-term bank deposits at variable interest rates with an original maturity of three months or less and carry average interest at 2.90% (2012: 0.01%) per annum. As at 31 December 2013, short-term bank deposits with maturity over three months carry average fixed interest at 3.6% per annum.

At the end of the reporting period, included in bank balances and cash are restricted bank balance of HK$237,138,000 (2012: HK$33,236,000). Pursuant to the banking facilities agreements with a bank, the Group is required to deposit all operating income and revenue generated from The Landmark Macau into designated bank accounts. In case, the bank borrowings become due, the bank can apply all deposits in the designated bank accounts for the payment and discharge of all financial indebtedness created under these banking facilities agreements.

26. TRADE AND OTHER PAYABLES

Trade and other payables principally comprise amounts outstanding for ongoing costs and construction work. The average credit period granted by the Group's creditors is 1 month to 3 months.

	2013	2012
	HK$'000	HK$'000
Trade payables	**74,973**	78,711
Deposits received from tenants	**41,636**	36,049
Accrued staff costs	**87,887**	69,692
Other accruals	**23,010**	31,630
Other payables	**45,667**	33,152
Amounts due to gaming promoters	**346,091**	291,993
Total trade and other payables	**619,264**	541,227

The amounts due to gaming promoters are non-trading in nature, unsecured, non-interest bearing and repayable on demand.

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

	2013	2012
	HK$'000	HK$'000
Within 3 months	**38,620**	40,767
Over 3 months but within 6 months	**49**	411
Over 6 months but within 1 year	**138**	798
Over 1 year	**36,166**	36,735
	74,973	78,711

27. BANK BORROWINGS

	2013 **HK$'000**	2012 HK$'000
Bank borrowings — secured	**1,404,525**	1,738,327
Secured bank borrowings due		
— within one year	**355,802**	333,802
— more than one year, but not exceeding two years	**365,802**	355,802
— more than two years, but not more than five years	**682,921**	1,048,723
	1,404,525	1,738,327
Less: Amount due within one year shown under current liabilities	**(355,802)**	(333,802)
Amount due after one year	**1,048,723**	1,404,525

The bank borrowings are denominated in Hong Kong dollars.

At as 31 December 2012 and 2013, the bank borrowings bear interests at HIBOR plus 3% per annum and Macau prime rate minus 1%. At as 31 December 2013, the weighted average effective interest rate is 3.54% (2012: 3.63%) per annum.

The Group's bank borrowings are secured and guaranteed, inter alia, by the following:

(a) the mortgage over the investment properties, buildings and prepaid lease payments as set out in notes 16, 17 and 18;

(b) all the assets of two subsidiaries, New Macau Landmark and Hong Hock;

(c) all the designated bank balances held by two subsidiaries, Hong Hock and New Macau Landmark. Details are set out in note 25;

(d) a corporate guarantee by the Company as guarantor to guarantee punctual payment and performance;

(e) all rights and interests in leases, tenancy agreements, proceeds from hotel operation and management, rental income and other proceeds of the pledged properties; and

(f) all receivables arising from leases, rental income, disposal, hotel operations and other proceeds of the pledged properties.

28. OTHER FINANCIAL LIABILITIES

	HK$'000
At 1 January 2012	—
Coupon payments to a non-controlling shareholder	15,200
Coupon paid	(5,148)
At 31 December 2012	10,052
Coupon paid	(7,763)
Coupon waived	(2,289)
At 31 December 2013	—

On 30 August 2012, David Chow, Lam Fong Ngo, Li Chi Keung and Chan Un Chan, shareholders of the Company, entered into a share purchase agreement with Vast Field Investments Limited ("Vast Field") to dispose of a 4% equity interest of the Company to Vast Field. In accordance with the share purchase agreement, the Company issued a promissory note to Vast Field and promised to pay coupon payments to Vast Field for a total amount up to HK$15,200,000 payable on a monthly basis (being approximately HK$1,267,000 per month) in arrear, commencing from 30 August 2012 and ending on either date of listing of the shares of the Company or 30 August 2013, whichever is earlier. Such coupon payment to Vast Field of HK$15,200,000 was recognised as deemed distribution in special reserve in equity. During the year ended 31 December 2013, HK$7,763,000 (2012: HK$5,148,000) was paid as coupon to Vast Field and the same amount was transferred from special reserve to retained earnings in equity. Upon the Listing, the obligation of the payment of coupon to Vast Field by the Company has ceased and remaining outstanding coupon of HK$2,289,000 was waived accordingly.

29. DEFERRED TAX LIABILITY

The following is the deferred tax liability recognised and movements thereon during the current and prior years.

	Fair value adjustment on investment properties HK$'000	Fair value adjustment on property and equipment HK$'000	Fair value adjustment on prepaid lease payments HK$'000	Total HK$'000
At 1 January 2012	—	—	—	—
Acquisition of subsidiaries (note 39)	4,623	42,911	154,665	202,199
Credit to profit or loss	(118)	(1,372)	(2,615)	(4,105)
At 31 December 2012	4,505	41,539	152,050	198,094
Credit to profit or loss	(190)	(2,215)	(4,224)	(6,629)
At 31 December 2013	4,315	39,324	147,826	191,465

30. SHARE CAPITAL

	Number of shares	Share capital
		HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2012 and 31 December 2012	7,164,299,563	716,430
Increase on 5 June 2013 (note i)	2,835,700,437	283,570
At 31 December 2013	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 January 2012	3,391,846,468	339,185
Issue of shares as consideration for acquisition of subsidiaries	1,834,873,063	183,487
At 31 December 2012	5,226,719,531	522,672
Issue of shares (note ii)	70,631,345	7,063
Issue of shares in connection with the Listing (note iii)	934,827,000	93,483
Issue of shares as a part of Directors' Reward Shares (note iv)	14,541,747	1,454
At 31 December 2013	6,246,719,623	624,672

Notes:

(i) On 5 June 2013, the shareholders of the Company passed the resolution that the authorised ordinary share capital be increased from HK$716,430,000, divided into 7,164,299,563 ordinary shares of a nominal value of HK$0.10 each, to HK$1,000,000,000, divided into 10,000,000,000 ordinary shares of a nominal value of HK$0.10 each, by the creation of an additional 2,835,700,437 ordinary shares.

(ii) On 15 May 2013, the Company issued 70,631,345 ordinary shares to PacBridge Capital Partners (HK) Limited. The shares issued formed part of the advisory fees payable by the Company to PacBridge Capital Partners (HK) Limited in respect of the provision of corporate finance advisory services in connection with the Listing. Details are set out in note 37(c).

(iii) On 5 July 2013, the Company issued 934,827,000 ordinary shares at HK$2.35 per share for cash through an initial public offering by way of Hong Kong public offer and international placing and the Company's shares were listed on the Main Board of the Stock Exchange with effect from 5 July 2013.

(iv) On 31 December 2013, the Company issued 14,541,747 ordinary shares pursuant to the service contracts or letter of appointment, where appropriate, dated 5 June 2013 entered into between the Company and each of David Chow, Sheldon Trainor-DeGirolamo and Tong Ka Wing, Carl. Details are set out in note 37(d).

All the shares issued during the two years ended 31 December 2013 rank pari passu with the then existing shares of the Company in all respect.

31. PLEDGE OF ASSETS

At the end of the reporting period, the Group has pledged certain trade receivables, bank deposits, buildings, investment properties and prepaid lease payments to secure the credit facilities and use of electricity granted to the Group. The carrying amounts of the assets pledged are as follows:

	2013 HK$'000	2012 HK$'000
Trade receivables	23,173	73,274
Pledged bank deposits	20,581	20,581
Buildings	1,684,603	1,730,511
Investment properties	256,984	265,062
Prepaid lease payments	1,826,476	1,828,335
	3,811,817	3,917,763

32. RETIREMENT BENEFITS PLANS

Employees employed by the Group's operations in Macau are members of government-managed retirement benefits schemes operated by the Macau government. The Macau operations are required to pay a monthly fixed contribution to the retirement benefits schemes to fund the benefits.

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") under the rules and regulations of the Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage of the employees' salaries and are charged to the profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years at the end of the reporting period.

The only obligation of the Group with respect to the above retirement benefits schemes is to make the required contributions under the schemes.

The total expense recognised in profit or loss of HK$588,000 (2012: HK$723,000) represents contributions payable to above retirement benefit schemes by the Group at rates specified in the rules of the schemes.

33. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments in respect of leasehold land, office properties, warehouse and staff quarters rented under non-cancellable operating leases which fall due as follows:

	2013 HK$'000	2012 HK$'000
Within one year	53,804	48,708
In the second to fifth year inclusive	48,826	91,012
	102,630	139,720

Operating lease payments represent rentals payable by the Group for certain of its leasehold land (see note 18), office properties, warehouse and staff quarters. Lease term of leasehold land in Macau is negotiated for a term of 25 years at a fixed rental and is subject for renewal in accordance with applicable laws and regulations. Leases for office properties, warehouse and staff quarters are negotiated and rentals are fixed for an average term of two years.

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2013 HK$'000	2012 HK$'000
Within one year	99,641	70,905
In the second to fifth year inclusive	265,993	187,381
Over five years	97,903	83,355
	463,537	341,641

Operating lease income represents licensing income receivable by the Group from its own premises and certain of its rented premises. Licensing arrangements are negotiated for an average term of five years and licensing fees are fixed for an average term of two years. In addition to the fixed licensing income which are disclosed above, pursuant to the terms of certain licensing arrangements, the Group has licensing income based on certain percentage of gross sales of relevant shop. The contingent licensing income contributed an insignificant amount of licensing income earned by the Group during both years presented.

34. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had capital commitments in respect of the acquisition of property and equipment and construction in progress which are contracted but not provided for in the amount of HK$251,257,000 (2012: HK$20,227,003).

At the end of the reporting period, the Group had capital commitments which are authorised but not contracted for in respect of (i) renovation work of The Landmark Macau of approximately HK$231,189,000 (2012: HK$429,000,000); and (ii) redevelopment plan of MFW ("MFW Redevelopment") of approximately HK$7,856,560,000 (2012: HK$6,630,262,000).

35. CONTINGENT LIABILITIES

In connection with the gaming related services, the Group undertook the following:

(i) Pursuant to the amendment in the Service Agreement on 16 December 2011, in the event of any non-payment by the gaming promoters or any failure to fulfill their obligations related to gaming promotion agreements as entered with SJM and gaming promoters, the Group undertakes to reimburse SJM for any loss caused by such misconduct of the gaming promoters as well as any possible legal costs associated with litigation. There are no such claims from SJM during the years ended 31 December 2013 and 2012.

(ii) Pursuant to a revolving credit facility agreement dated 16 December 2011, a gaming promoter, The Company LORE Limited ("TCL") has borrowed HK$300 million from SJM to purchase rolling chips to be used in the VIP room at the Legend Club and must repay all borrowed amounts by 16 December 2012, unless otherwise agreed. The Group has provided a guarantee to SJM under the revolving credit facility agreement. If TCL defaults on any payments or breaches any of its obligations under the agreement, the Group is liable to SJM and SJM is entitled to withhold monthly service income or deduct outstanding amounts from the monthly service income payable to the Group under the Service Agreement. On 16 December 2012, another agreement was entered by SJM and TCL to extend the revolving credit facility with the same guarantee by the Group to SJM for one more year. As at 31 December 2012, the borrowings of HK$300 million were fully utilised by TCL and remained outstanding. On 3 July 2013, TCL repaid the borrowings of HK$300 million to SJM and the guarantee by the Company was released accordingly.

35. CONTINGENT LIABILITIES (Continued)

(iii) Prior to acquisition by the Group, MFW Investment initiated repossession proceedings against a former tenant at MFW with rental arrears in dispute of MOP89,008,000 (equivalent to approximately HK$86,416,000) in 2009. The former tenant initiated a counterclaim from MFW Investment an amount of MOP90,728,000 (equivalent to approximately HK$88,085,000) in 2009 for alleging breach of undertakings pursuant to a memorandum of understanding on 19 October 2006 and an escrow undertaking letter on 5 September 2008, as well as seeking compensation for amounts spent on improvements to the premises. During the year ended 31 December 2013, the Macau Court of First Instance dismissed the counterclaim from the former tenant and the former tenant was condemned to pay MFW Investment the amount of MOP67,151,000 (equivalent to approximately HK$65,195,000) as principal and the respective interests to be computed. The former tenant appealed against such decision and the case will be sent to the Macau Court of Second Instance. The Directors believe the aforementioned case would not result in any material adverse effects on the financial position of the Group as at 31 December 2013. Accordingly, no provision has been made in the consolidated financial statements.

(iv) Prior to acquisition by the Group, MFW Investment received a claim for outstanding payments on construction work at MFW from a contractor in 2008. The contractor claimed from MFW Investment an amount of MOP23,709,000 (equivalent to approximately HK$23,018,000) and MFW Investment counterclaimed an amount of MOP14,451,000 (equivalent to approximately HK$14,030,000) for defective construction work carried out by the contractor. In April 2010, the Macau Court of First Instance dismissed all claims from the contractor and awarded MOP462,000 (equivalent to approximately HK$449,000) to MFW Investment. The contractor did not agree the court's judgement and appealed to the Macau Court of Second Instance. This legal proceeding is pending before the Macau Court of Second Instance. The Directors believe the aforementioned case would not result in any material adverse effects on the financial position of the Group as at 31 December 2013. Accordingly, no provision has been made in the consolidated financial statements.

(v) Pursuant to a revolving credit facility agreement and a supplementary agreement dated 1 July 2013 and 22 October 2013 respectively, a gaming promoter, New Legend VIP Club Limited ("New Legend"), a company controlled by Mr Yip Wing Fat, Frederick, who is a senior management of the Company, has been offered for total facility amount of HK$320 million from SJM to purchase rolling chips to be used in the VIP room(s) at the Pharaoh's Palace Casino as well as Babylon Casino, where applicable. The revolving credit facility agreement is valid for one year from 3 July 2013 and must repay all borrowed amounts by 2 July 2014. The Group has provided a guarantee to SJM under the revolving credit facility agreement. If New Legend defaults on any payments or breaches any of its obligations under the agreement, the Group is liable to SJM and SJM is entitled to withhold monthly service income or deduct outstanding amounts from the monthly service income payable to the Group under the Service Agreement. As at 31 December 2013, an amount of HK$300 million under the facility was utilised by New Legend and remained outstanding.

Save and except for the matters specified above, the Group does not have any litigations or claims of material importance and, so far as the Directors are aware, no litigation or claims of material importance are pending or threatened by or against any companies of the Group.

36. MAJOR NON-CASH TRANSACTIONS

(i) During the year ended 31 December 2012, the Group novated its amounts due from MFW Group of HK$656,002,000 to certain directors of the Company before the acquisition of MFW Group. Therefore, an amount of HK$656,002,000 was reclassified from amounts due from related companies (non-trading) to amounts due from directors.

(ii) On 18 May 2012, the Company issued 1,834,873,063 ordinary shares of the Company to former shareholders of MFW Investment as part of the consideration for acquisition of MFW Investment and its subsidiaries. Details of the acquisition are set out in note 39.

(iii) During the year ended 31 December 2012, the Group's trade receivables from a debtor of HK$183,552,000 was assigned to MFW Investment to settle MFW Investment's amount due to that debtor. Therefore, an amount of HK$183,552,000 was reclassified from trade receivables to amounts due from related companies (non-trading).

(iv) During the year ended 31 December 2012, coupon payable to a shareholder of HK$15,200,000 included in other financial liabilities was recognised as deemed distribution in special reserve to a non-controlling shareholder in equity. Details are set out in note 28.

(v) On 15 May 2013, the Company issued 70,631,345 ordinary shares of the Company to PacBridge Capital Partners (HK) Limited. The details are set out in note 30.

(vi) Pursuant to a deed of assignment entered into among TCL and certain directors and shareholders of the Company including David Chow, All Landmark, Lam Fong Ngo, Grand Bright, Li Chi Keung and Elite Success (the "Assignees") on 5 June 2013, TCL had assigned an aggregate amount of HK$86,731,000 due by the Group to TCL to the Assignees. Accordingly, amounts due from directors and shareholders of HK$24,308,000 and HK$62,423,000 respectively were set off with other payables at 5 June 2013.

(vii) Pursuant to the Deed of Assignment and Set-off, a total Adjusted Entitlement of HK$2,396,583,000 was applied by the relevant shareholders in aggregate to set off all the amounts due to the Company by them (including amounts due from directors of HK$2,220,741,000 and amounts due from shareholders of HK$175,842,000) on 5 June 2013. Details of the dividend and set-off arrangement are set out in note 14.

37. SHARE-BASED PAYMENTS

Other than the share option scheme disclosed in Note 40, the Company has the following share-based payment transactions during the year.

Pursuant to (i) two four-year employment contracts signed on 20 December 2006 and 21 December 2010 between the Company and David Chow; (ii) the engagement letter dated 30 August 2011 between the Company and PacBridge Capital Partners (HK) Limited; and (iii) the service contracts or letter of appointment dated 5 June 2013 entered into between the Company and each of David Chow, Sheldon Trainor-DeGirolamo and Tong Ka Wing, Carl, the Company issued the following share options and ordinary shares up to 31 December 2013:

(i) 25,296,468 share options to David Chow during the year ended 31 December 2011. Details are set out below in note (a).

(ii) 12,671,905 ordinary shares of the Company to David Chow during the year ended 31 December 2011. Details are set out below in note (b).

(iii) 70,631,345 ordinary shares of the Company to PacBridge Capital Partners (HK) Limited during the year ended 31 December 2013. Details are set out below in note (c).

(iv) 14,541,747 ordinary shares of the Company to David Chow, Sheldon Trainor-DeGirolamo and Tong Ka Wing, Carl during the year ended 31 December 2013. Details are set out below in note (d).

Notes:

(a) On 23 November 2011, the Company granted a total of 25,296,468 share options at an exercise price of HK$2 per share to David Chow. The fair value of the share options at the date of grant was HK$18,666,000. Share options can be exercised from the date of grant to 22 November 2016. No share options have been exercised up to 31 December 2013.

Pursuant to the 2012 Agreement (as defined in note 39), the share options granted to David Chow in respect of 25,296,468 share options is adjusted to 24,412,724 share options during the year ended 31 December 2012.

(b) 12,671,905 ordinary shares were issued by the Company on 22 November 2011, which are restricted for resale or pledge during the vesting period. 4,223,969 shares were vested on 22 November 2011, 4,223,969 shares were vested on 31 December 2011 and 4,223,967 shares were vested on 31 December 2012.

(c) The Company issued 70,631,345 shares to PacBridge Capital Partners (HK) Limited in consideration of corporate finance advisory services provided by PacBridge Capital Partners (HK) Limited in connection with the Listing pursuant to their engagement letter signed with the Company on 30 August 2011. The fair value of services received was impractical to measure, therefore the fair value was determined by shares granted to PacBridge Capital Partners (HK) Limited which was determined by Directors' best estimates at the amount of HK$165,985,000.

(d) David Chow, Sheldon Trainor-DeGirolamo and Tong Ka Wing, Carl are entitled to receive an aggregate of 43,625,244 ordinary shares of the Company (the "Directors' Reward Shares") according to the term of respective service contracts or appointment letter, where appropriate, dated 5 June 2013 (as applicable) entered individually with the Company. The Directors' Reward Shares will be issued to David Chow, Sheldon Trainor-DeGirolamo and Tong Ka Wing, Carl in three equal tranches on 31 December 2013, 31 December 2014 and 31 December 2015, provided that they remain as director at the time such shares are issued. On 31 December 2013, the Company issued 14,541,747 ordinary shares to them in aggregate.

Market approach has been used to estimate the fair value of the shares granted. To apply market approach, profit/earning ratio was employed based on the information of comparable companies which operate business similar to the Group. The fair value of the Directors' Reward Shares was HK$98,000,000 on 5 June 2013. The variables and assumptions used in computing the fair value of the share are based on the directors' best estimate.

During the year ended 31 December 2013, share-based payments of HK$51,915,000 (2012: HK$8,303,000) and HK$165,985,000 (2012: nil) were recognised in consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity respectively.

38. RELATED PARTY TRANSACTIONS

Apart from transactions and amounts due from (to) directors, shareholders and related companies as set out in notes 8, 22, 23, 24, 27, 28, 36, 37 and 39, the Group had the following significant transactions with related companies.

(a)

Nature of transaction	**2013 HK$'000**	2012 HK$'000
Related companies significantly influenced by certain shareholders and directors:		
Licensing income	—	1,296
Food supplier income	—	108
Income from building management services	—	293
Transportation income	—	1,024
Food supplies expenses	—	1,411
Other expenses*	**182**	875

	2013 HK$'000	2012 HK$'000
Related companies controlled by certain shareholders and directors:		
Income from building management services*	**872**	813
Licensing fee expenses*	**3,285**	2,879

	2013 HK$'000	2012 HK$'000
Related company controlled by a senior management:		
Revenue from provision of gaming related facilities and gaming related general management services to New Legend#	**5,845**	—
Financial guarantee contract — total facility amount (Note 35(v))	**320,000**	—

(b) On 18 May 2012, the Company issued a total of 884,923,295 ordinary shares of the Company to David Chow, Lam Fong Ngo, Li Chi Keung and The Legend Club Limited (a related company of the Group as described in note 24), as part of the consideration for acquisition of their equity interest in MFW Investment. Details of the acquisition are set out in note 39.

38. RELATED PARTY TRANSACTIONS (Continued)

(c) On 15 May 2013, the Company issued 70,631,345 ordinary shares of the Company to PacBridge Capital Partners (HK) Limited. The shares issued formed part of the advisory fees payable by the Company to PacBridge Capital Partners (HK) Limited in respect of the provision of corporate finance advisory services in connection with the listing of shares of the Company. PacBridge Capital Partners (HK) Limited is a company controlled by Sheldon Trainor-DeGirolamo, a director of the Company.

(d) On 31 December 2013, the Company issued 14,541,747 ordinary shares, in aggregate, to David Chow, Sheldon Trainor-DeGirolamo and Tong Ka Wing, Carl, directors of the Company. Details of the issue of shares are set out in note 37(d).

(e) Compensation to key management personnel of the Group which represents Directors is set out in note 10.

* These transactions constitute continuing connected transactions for the purpose of Chapter 14A of the Listing Rules. Details of certain of these continuing connected transactions, which are subject to the reporting requirements set out in Chapter 14A of the Listing Rules, have been disclosed under the section "Connected Transactions" in the Directors' Report.

This transaction does not constitute a connected transaction for the purpose of Chapter 14A of the Listing Rules.

39. ACQUISITION OF SUBSIDIARIES

On 18 May 2012, the Group entered into a sale and purchase agreement ("2012 Agreement") with the shareholders of MFW Investment, in which approximately 48.2% equity interest in MFW Investment was held by David Chow, Lam Fong Ngo, Li Chi Keung and The Legend Club Limited, for the acquisition of the entire equity interest in MFW Investment. The acquisition was completed on 18 May 2012, on that date the control in MFW Investment was passed to the Group. The MFW Group is principally engaged in operating MFW Investment.

Consideration transferred

	HK$'000
Investment deposit	200,000
Fair value of the Company's ordinary shares (Note)	3,519,693
Total	3,719,693

Note: On 18 May 2012, the Company issued and allotted 1,834,873,063 ordinary shares of the Company to the shareholders of MFW Investment as part of the consideration. On the date of acquisition, the fair value of the total consideration payable by the Company is HK$3,719,693,000.

The fair value of the Company's ordinary shares has been determined by the Directors using discounted cash flow method. The Group prepared cash flows forecasts derived from the most recent financial budgets approved by management for the next ten years. The cash flows beyond 10-year period are extrapolated using a steady 4% growth rate for the business relating to provision of gaming related facilities and gaming related general management services and 3% growth rate for non-gaming business. The rate used to discount the forecast cash flows for the Group is 12% per annum.

39. ACQUISITION OF SUBSIDIARIES (Continued)

Consideration transferred (Continued)

Assets and liabilities at the date of acquisition recognised by the Group:

	Fair value HK$'000
Investment properties	138,000
Property and equipment	1,687,615
Prepaid lease payments	1,336,000
Deposits paid for acquisition of property and equipment	6,452
Inventories	23,670
Trade and other receivables	34,233
Amounts due from related companies	1
Pledged bank deposits	20,579
Bank balances and cash	60,521
Trade and other payables	(57,808)
Amounts due to related companies	(9,357)
Deferred tax liability	(202,199)
	3,037,707
Goodwill	681,986
	3,719,693

The aggregate fair value of the investment properties, property and equipment and prepaid lease payments has been arrived at on the basis of a valuation carried out as at 18 May 2012 by Savills Valuation and Professional Services Limited, chartered surveyors not connected to the Group. The valuation was arrived at using the direct comparison method by making reference to comparable sales transactions available in relevant market for prepaid lease payments and depreciated replacement cost method for investment properties and property and equipment.

In addition, the Directors considered that the fair value of contingent liabilities relating to dispute and claim as disclosed in note 35 (iii) and (iv) are not significant at the date of acquisition.

The gross contractual amounts of the trade and other receivables and amounts due from related companies acquired were HK$87,628,000 and HK$1,000 respectively at the date of acquisition. The best estimate at acquisition date of the contractual cash flows not expected to be collected was HK$53,395,000.

Goodwill arising on acquisition

	HK$'000
Consideration transferred	3,719,693
Less: fair value of identifiable net assets acquired	(3,037,707)
Goodwill arising on acquisition	681,986

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

39. ACQUISITION OF SUBSIDIARIES (Continued)

Net cash inflow arising on acquisition

	HK$'000
Bank balances and cash acquired	60,521

Impact of acquisition on the results of the Group

Included in consolidated revenue and profit of the Group for the year ended 31 December 2012 are revenue of HK$207,593,000 and loss of HK$87,235,000 respectively attributable to the additional business generated by MFW Group.

If the above acquisition during the year ended 31 December 2012 had been completed on 1 January 2012, Group's revenue and profit for the year ended 31 December 2012 would have been HK$1,630,977,000 and HK$528,756,000 respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the operations of the Group that actually would have been achieved had above acquisition been completed on 1 January 2012, nor is it intended to be projection of future results.

In determining the pro forma profit of the Group had MFW Group been acquired at the beginning on 1 January 2012, the Directors have calculated depreciation of investment properties and property and equipment and release of prepaid lease payments acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements.

The goodwill arising on the acquisition of MFW Group mainly represented the future benefit expected to be generated from the business relating to provision of gaming related facilities and gaming related general management services presently existed and to be expanded pursuant to a proposed redevelopment plan on the land owned by MFW Investment which cannot be recognised separately as identifiable asset. At the date of acquisition, MFW Investment received an offer on the initial stage of the redevelopment plan (excluding the expansion of gaming operation) as proposed by the relevant government bodies of Macau. The offer was accepted by MFW Group and became effective on 24 May 2012.

40. SHARE OPTION SCHEME

On 5 June 2013, the Company adopted a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants for their contribution or potential contribution to the Group. Eligible participants of the Share Option Scheme include, among others, the Company's directors, including independent non-executive directors, full-time or part-time employees, executive or officers of the Group, advisors, consultants, suppliers, customers and agents. The Share Option Scheme became effective on 5 July 2013 upon the listing of the Company's shares on the Stock Exchange.

No share option has been granted since the adoption of the Share Option Scheme.

41. SUBSEQUENT EVENTS

In addition to those disclosed elsewhere in the consolidated financial statements, the Group has the following subsequent events after the end of the reporting period:

(i) On 16 January 2014, All Landmark entered into a placing agreement with the Company, David Chow, CLSA Limited and Credit Suisse (Hong Kong) Limited for the placement of up to 188,000,000 ordinary shares of the Company (the "Placing Shares") to certain independent professional, institution and other investors (the "Placees") at HK$7.25 per share.

On 16 January 2014, All Landmark also entered into a conditional subscription agreement with the Company for the subscription of 188,000,000 ordinary shares of the Company (the "Subscription Shares") at HK$7.25 per share.

The placement of the Placing Shares by All Landmark to the Placees was completed on 21 January 2014 and the Subscription Shares were issued to All Landmark on 24 January 2014. The net proceeds received by the Company from this top-up placement amounted to approximately HK$1,351 million.

(ii) On 11 February 2014, the Group entered into a letter of mandate (the "Letter of Mandate") with Industrial and Commercial Bank of China (Macau) Limited ("ICBC Macau"). It was provided in the Letter of Mandate that subject to (i) the result of syndication or (ii) the mutual agreement between the Group and ICBC Macau, the final total amount under the facility may be increased up to 115% of the facility amount (up to HK$4,600,000,000). The Directors expect that loan documentations will be entered into and the first drawdown will be made around first quarter of 2014. Further details of the facility are set out on page 26 to this annual report.

(iii) As disclosed in the Prospectus and the Company's announcement dated 31 December 2013, the Company intends to (i) diversify its business and indirectly participate in the gaming promotion business, and (ii) enter into arrangements whereby the Group will be permitted to indirectly participate in the gaming promotion business through a licensed gaming promoter, New Legend (the "Plan").

The Plan was made to enable the Company to have control over the gaming promotion business of New Legend and rights to the results of New Legend. Further details of the Plan are set out on page 17 to this annual report.

The Plan is subject to the approvals from (i) the Gaming Inspection and Coordination Bureau of Macau (the "DICJ"); (ii) the Stock Exchange; and (iii) the independent shareholders of the Company.

On 6 February 2014, the Group obtained the approval from the DICJ in relation to the Plan. As at the date of these consolidated financial statements were approved for issuance, the Plan is still subject to the approval from the Stock Exchange and the independent shareholders of the Company.

42. LIST OF SUBSIDIARIES

Details of the Company's subsidiaries are as follows:

Name of subsidiary	Place of incorporation or establishment/ operations	Issued and fully paid capital, registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
			2013	2012	
Hong Hock*	Macau	Ordinary shares MOP1,000,000	**100%**	100%	Provision of gaming related facilities and gaming related general management services
New Macau Landmark	Macau	Ordinary shares MOP100,000	**100%**	100%	Operating hotel business
Macau Legend Development (Hong Kong) Limited*	Hong Kong	Ordinary share HK$1	**100%**	100%	Provision of management services to group companies
Macau Landmark Limited*	Hong Kong	Ordinary share HK$1	**100%**	100%	Inactive
Macau Legend Development International Limited (formerly known as "Macau Legend Development Company Limited")*	Hong Kong	Ordinary share HK$1	**100%**	100%	Inactive
Triumphant Time Limited*	British Virgin Islands ("BVI")	Ordinary share US$1	**100%**	100%	Investment holding
Star Pyramid Limited*	BVI	Ordinary share US$1	**100%**	100%	Investment holding
MFW Investment*#	Macau	Ordinary shares MOP10,000,000	**100%**	100%	Operating theme park
Grand Merit Retail Group Limited#	Macau	Quota shares MOP100,000	**100%**	100%	Retail of clothing, footwear and accessories
Legend King International Limited# ("Legend King")	Macau	Quota shares (Note)	**100%**	100%	Inactive
Elegant Wave Restaurant Group Limited^#	Macau	Quota shares MOP100,000	**100%**	100%	Operation of a restaurant

Note: The amount of quota shares of Legend King has been predetermined at MOP100,000, but the quota share has not yet been paid during both years.

* 100% directly owned by the Company, except MFW Investment, which is 80% directly and 20% indirectly owned by the Company.

\# MFW Investment and its subsidiaries were acquired by the Group on 18 May 2012.

^ The subsidiary was acquired on 30 April 2012 by MFW Investment. The consideration of the acquisition is approximately HK$100,000 which approximated the fair value of net identifiable assets of the acquiree at the date of acquisition.

None of the subsidiaries had issued any debt securities at the end of the reporting periods.

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2013 HK$'000	2012 HK$'000
Non-current asset		
Investments in subsidiaries	**4,247,005**	4,247,005
Current assets		
Prepayments	**330**	10,420
Amounts due from subsidiaries	**13,354**	—
Bank balances	**96,821**	—
	110,505	10,420
Current liabilities		
Accrued expenses	**1,309**	2,045
Amount due to a director	**—**	3,556
Amounts due to subsidiaries	**1,714,064**	1,524,491
Other financial liabilities	**—**	10,052
	1,715,373	1,540,144
Net current liabilities	**(1,604,868)**	(1,529,724)
Net assets	**2,642,137**	2,717,281
Capital and reserves		
Share capital	**624,672**	522,672
Reserves	**2,017,465**	2,194,609
Equity attributable to owners of the Company	**2,642,137**	2,717,281

44. STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 (Remarks)	Special reserve HK$'000 (note 28)	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2012	339,185	51,835	202,312	—	18,666	(1,371,296)	(759,298)
Loss and comprehensive expense for the year	—	—	—	—	—	(36,217)	(36,217)
Share-based payments (note 37)	—	8,303	—	—	—	—	8,303
Issue of shares as consideration for acquisition of subsidiaries (note 39)	183,487	3,336,206	—	—	—	—	3,519,693
Deemed distribution to a non-controlling shareholder (note 28)	—	—	—	(15,200)	—	—	(15,200)
Coupon paid (note 28)	—	—	—	5,148	—	(5,148)	—
At 31 December 2012	**522,672**	**3,396,344**	**202,312**	**(10,052)**	**18,666**	**(1,412,661)**	**2,717,281**
Profit and comprehensive income for the year	**—**	**—**	**—**	**—**	**—**	**162,748**	**162,748**
Share-based payments (note 37)	**—**	**—**	**—**	**—**	**51,915**	**—**	**51,915**
Issue of shares (note 30)	**7,063**	**158,922**	**—**	**—**	**—**	**—**	**165,985**
Issue of new shares upon listing	**93,483**	**2,103,361**	**—**	**—**	**—**	**—**	**2,196,844**
Issue of shares as a part of Directors' Reward Shares	**1,454**	**31,265**	**—**	**—**	**(32,719)**	**—**	**—**
Transaction cost attributable to issue of new shares	**—**	**(208,342)**	**—**	**—**	**—**	**—**	**(208,342)**
Dividend (note 14)	**—**	**(2,446,583)**	**—**	**—**	**—**	**—**	**(2,446,583)**
Coupon paid (note 28)	**—**	**—**	**—**	**7,763**	**—**	**(7,763)**	**—**
Coupon waived (note 28)	**—**	**—**	**—**	**2,289**	**—**	**—**	**2,289**
At 31 December 2013	**624,672**	**3,034,967**	**202,312**	**—**	**37,862**	**(1,257,676)**	**2,642,137**

Remarks: The other reserve represents the difference between the consolidated shareholders' fund of the subsidiaries acquired by the Company and the nominal value of the Company's shares issued for the acquisition at the time of Reorganisation, less dividends distributed from pre-acquisition reserves of the subsidiaries.

Financial Summary

A summary of the audited consolidated results and assets and liabilities of the Group for the last four years is set out below.

	Year ended 31 December			
	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000
Results				
Revenue	**1,763,754**	1,501,088	1,345,930	1,095,295
Cost of sales and services	**(777,179)**	(664,672)	(418,712)	(417,156)
	986,575	836,416	927,218	678,139
Other income, gains and losses	**62,695**	36,057	3,401	2,650
Marketing and promotional expenses	**(44,156)**	(45,587)	(31,472)	(28,472)
Operating, administrative and other expenses	**(439,593)**	(232,788)	(200,696)	(137,150)
Finance costs	**(58,971)**	(62,862)	(50,009)	(17,995)
Profit before taxation	**506,550**	531,236	648,442	497,172
Taxation credit	**3,329**	4,105	—	—
Profit and total comprehensive income for the year, attributable to owners of the Company	**509,879**	535,341	648,442	497,172

	At 31 December			
	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities				
Total assets	**7,813,406**	7,921,308	3,361,791	2,527,674
Total liabilities	**(2,216,929)**	(2,596,818)	(2,085,438)	(3,968,444)
Net assets	**5,596,477**	5,324,490	1,276,353	(1,440,770)

Note: The financial information of the Group for the years ended 31 December 2010, 2011 and 2012 are extracted from the accountants' report of the Group as set out on Appendix I to the Prospectus.

Particulars of Major Properties

Particulars of major properties of the Group as at 31 December 2013 are set out below:

Property name	Location	Use	Lease term	Percentage of interest attributable to the Group
The Landmark Macau	The Hotel and Car Park Portions of Macau Landmark, Avenida da Amizade Nos. 519–597, Rua de Xangai Nos. 38–78-B, Alameda Dr. Carlos d' Assumpção Nos. 565–605-C, Macau	Hotel/ Commercial/Car Park	Medium	100%
Macau Fisherman's Wharf	Phase I and Phase I Extension of a Tourism and Entertainment Complex known as "Macau Fisherman's Wharf" (澳門漁人碼頭) at Avenida da Amizade (友誼大馬路), Macau	Hotel/ Commercial/Car Park	Medium	100%

Definitions

"ADR"	average daily room rate
"Adjusted EBITDA"	the Group's earnings before interest income, finance costs, income taxes, depreciation, release of prepaid lease payments, loss on disposal of property and equipment, share-based payments and one-off costs incurred or associated with the Listing, showing the expected adjustments for the contribution from New Legend for the period from 3 July 2013 (date of commencement of business of New Legend) to 31 December 2013 for 2013
"All Landmark"	All Landmark Properties Limited, a controlled corporation of Mr David Chow
"Articles of Association"	the articles of association of the Company, as amended from time to time
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Company"	Macau Legend Development Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
"David Chow Share Options"	the option to subscribe for 24,412,724 Shares, as adjusted, granted by the Company to Mr David Chow in November 2011
"DICJ"	Direcção de Inspecção e Coordenação de Jogos, the Gaming Inspection and Coordination Bureau in Macau
"Directors"	the directors of the Company
"Elite Success"	Elite Success International Limited, a company in which each of Mr Li Chi Keung and Ms Wong Hoi Ping, the spouse of Mr Li Chi Keung, held 44.5% of the total issued capital
"Grand Bright"	Grand Bright Holdings Limited, a controlled corporation of Madam Lam
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKSAR"	the Hong Kong Special Administrative Region of the PRC
"Hong Hock"	Hong Hock Development Company Limited, a company incorporated in Macau and a subsidiary of the Company
"ICBC Macau"	Industrial and Commercial Bank of China (Macau) Limited
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange with effect from 5 July 2013
"Listing Date"	the date when the Shares were listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Madam Lam"	Madam Lam Fong Ngo, the vice chairman, an executive Director and a controlling shareholder (as defined in the Listing Rules) of the Company

Definitions

"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
"Model Code"	the Model Code for Securities Transaction by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"MOP"	Macau Pataca, the lawful currency of Macau
"Mr David Chow"	Mr Chow Kam Fai, David, a co-chairman, an executive Director and the chief executive officer of the Company and a controlling shareholder (as defined in the Listing Rules) of the Company
"Ms Melinda Chan"	Ms Chan Mei Yi, Melinda, the spouse of Mr David Chow
"New Legend"	New Legend VIP Club Limited, a company established by Mr Yip Wing Fat, Frederick, executive vice president, head of casino operations of the Company
"New Macau Landmark"	New Macau Landmark Management Limited, a company incorporated in Macau and a subsidiary of the Company
"Nomination Committee"	the nomination committee of the Company
"PRC"	the People's Republic of China
"Prospectus"	the prospectus of the Company dated 17 June 2013
"Remuneration Committee"	the remuneration committee of the Company
"REVPAR"	revenue per available room
"RMB"	Renminbi, the lawful currency of the PRC
"Service Agreement"	the service agreement dated 25 September 2006 and its related amendments entered into between Hong Hock and SJM, under which the Group provides gaming services to SJM in the Group's two major casinos, namely Pharaoh's Palace Casino in The Landmark Macau and Babylon Casino in MFW
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share Option Scheme"	the share option scheme adopted by the Company
"Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of the Company
"SJM"	Sociedade de Jogos de Macau, S.A.
"Stock Exchange" or "SEHK"	The Stock Exchange of Hong Kong Limited
"Supplemental Prospectus"	the supplemental prospectus of the Company dated 26 June 2013
"%"	per cent