



澳門勵駿創建有限公司\*

Macau Legend Development Limited

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 1680



# 2014 INTERIM REPORT

*\* for identification purposes only*

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# 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

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MACAU

21/F, Macau Landmark Building

555 Avenida da Amizade

Macau

## CORPORATE INFORMATION

### 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  
17/F, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### HONG KONG LEGAL ADVISERS

Hogan Lovells

### INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu  
*Certified Public Accountants*

### 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  
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### WEBSITE

[www.macaulegend.com](http://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 and MFW. The Landmark Macau is an award-winning integrated hotel, casino and luxury shopping complex, featuring a five-star hotel and Macau's first themed casino. MFW is 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 in 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.

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

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.



## CORPORATE PROFILE

In January 2014, the Company completed a top-up placement of 188,000,000 new Shares, representing approximately 2.92% of the enlarged issued share capital of the Company upon completion of the top-up placement, to certain independent professional, institutional and other investors at HK\$7.25 per Share and raised net proceeds of approximately HK\$1,350.8 million. Further details of the top-up placement are set out in the Company's announcement dated 16 January 2014.

On 8 April 2014, MFW Investment, as borrower, together with the Corporate Guarantors, entered into the Facility Agreement with ICBC Macau and the other Lenders relating to the Facility in the amount of HK\$4,221.0 million to be made available to MFW Investment.

On 16 April 2014, the Group proposed to adopt the VIE Structure by entering into the VIE Agreements among Hong Hock, New Legend and Mr Frederick Yip which would allow the Group to indirectly participate in the gaming promotion business and have a greater control over the management and marketing of the VIP rooms operated by New Legend in the casinos located in its properties, as well as enhance its market footprint and receive a higher percentage of gross gaming revenue generated by the gaming tables in these VIP rooms. The VIE Structure was approved by the independent shareholders of the Company at an extraordinary general meeting of the Company held on 3 July 2014 and since then, the Group has obtained all required approvals, control over the gaming promotion business of New Legend and the right to consolidate the results of New Legend.



# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW OF INTERIM RESULTS

For the six months ended 30 June 2014, the Group achieved total reported revenue of approximately HK\$917.5 million, representing an increase of approximately HK\$73.7 million or approximately 8.7% over that of the last corresponding period of approximately HK\$843.8 million. Breakdown of the Group's reported revenue for the six months ended 30 June 2014 and 2013 is as follows:

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Gaming services:		
— Pharaoh's Palace Casino	584,243	553,835
— Babylon Casino	70,693	69,165
<b><i>Sub-total for gaming services</i></b>	<b>654,936</b>	<b>623,000</b>
Non-gaming operations:		
— The Landmark Macau	166,664	131,053
— Macau Fisherman's Wharf	95,893	89,713
<b><i>Sub-total for non-gaming operations</i></b>	<b>262,557</b>	<b>220,766</b>
<b>Total reported revenue</b>	<b>917,493</b>	<b>843,766</b>

For the six months ended 30 June 2014, gaming revenue and non-gaming revenue of the Group increased by approximately 5.1% to approximately HK\$654.9 million and by approximately 18.9% to approximately HK\$262.6 million respectively when compared to the last corresponding period. The increase in gaming revenue was primarily driven by the increase in revenue from both the mass market and the VIP segments at Pharaoh's Palace Casino. The increase in non-gaming revenue was primarily attributable to the increase in the income from hotel rooms and licensing and building management income at The Landmark Macau upon completion of renovation of the hotel.



## MANAGEMENT DISCUSSION AND ANALYSIS

Adjusted EBITDA for the six months ended 30 June 2014 was approximately HK\$462.5 million, representing an increase of approximately HK\$30.9 million or approximately 7.2% over that of the last corresponding period of approximately HK\$431.6 million. The following table reconciles the Adjusted EBITDA to the profit attributable to owners of the Company.

	Six months ended 30 June					
	2014			2013		
	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	306,418	(80,046)	226,372	321,169	(54,435)	266,734
Adjustments for:						
Finance costs	16,653	19,743	36,396	30,890	18	30,908
Depreciation of investment properties	1,921	2,118	4,039	1,921	2,118	4,039
Depreciation of property and equipment	48,803	35,395	84,198	21,332	39,574	60,906
Release of prepaid lease payments	5,867	20,004	25,871	5,867	19,338	25,205
Loss on disposal of property and equipment	1,184	19,601	20,785	5,290	—	5,290
Share-based payments	16,762	—	16,762	—	—	—
One-off costs incurred associated with the Listing	—	—	—	39,465	—	39,465
Unrealised exchange loss/(gain)	78,886	(4,993)	73,893	—	—	—
Interest income	(37,995)	(14,312)	(52,307)	(2)	(119)	(121)
Tax charge/(credit)	825	(3,315)	(2,490)	2,476	(3,315)	(839)
	439,324	(5,805)	433,519	428,408	3,179	431,587
Add: Contribution from New Legend (remark)	28,986	—	28,986	—	—	—
<b>Adjusted EBITDA</b>	<b>468,310</b>	<b>(5,805)</b>	<b>462,505</b>	<b>428,408</b>	<b>3,179</b>	<b>431,587</b>





## MANAGEMENT DISCUSSION AND ANALYSIS

Remark: On 16 April 2014, the Group proposed to adopt the VIE Structure by entering into the VIE Agreements among Hong Hock, New Legend and Mr Frederick Yip. Pursuant to the VIE Agreements, New Legend agrees to transfer all profits (if any) accrued by New Legend from its date of commencement of business on 3 July 2013 until the commencement of VIE Structure to Hong Hock. The VIE Structure was approved by the independent shareholders of the Company at an extraordinary general meeting of the Company held on 3 July 2014 and since that date the VIE Structure commenced. The adjustment, representing the net profit of New Legend for the six months ended 30 June 2014, 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 for the six months ended 30 June 2014.

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

	Six months ended 30 June					
	2014			2013		
	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	472,852	6,585	479,437	437,044	14,328	451,372
Non-gaming operations	27,982	(12,390)	15,592	6,678	(11,149)	(4,471)
Sub-total	500,834	(5,805)	495,029	443,722	3,179	446,901
Unallocated corporate expenses	(32,524)	—	(32,524)	(15,314)	—	(15,314)
<b>Adjusted EBITDA</b>	<b>468,310</b>	<b>(5,805)</b>	<b>462,505</b>	428,408	3,179	431,587

Adjusted EBITDA from the Group excluding the MFW Group, mainly arising from the operations at The Landmark Macau, for the six months ended 30 June 2014 increased by approximately 12.9% to approximately HK\$500.8 million when compared to the last corresponding period. The increase was mainly driven by both the gaming operations at Pharaoh's Palace Casino (including the contribution from New Legend) and the hotel operations at The Landmark Macau upon completion of renovation of the hotel. Adjusted EBITDA from the MFW Group for the six months ended 30 June 2014 was a loss of approximately HK\$5.8 million which was mainly due to the increase in staff and related costs generally when compared to last corresponding period and the increase in staff and other operating costs incurred in preparation for the opening of the first new hotel at MFW which is tentatively scheduled in the fourth quarter of 2014.

The Group's profit for the six months ended 30 June 2014 was approximately HK\$226.4 million, representing a decrease of approximately HK\$40.4 million or approximately 15.1% when compared to that of the last corresponding period of approximately HK\$266.7 million. The decrease was mainly due to the inclusion of the current period's unrealised exchange loss on bank fixed deposits denominated in RMB of approximately HK\$73.9 million given the recent decline in exchange rate of RMB against HK\$.

# MANAGEMENT DISCUSSION AND ANALYSIS

## INTERIM DIVIDEND

The Board has resolved not to pay an interim dividend for the six months ended 30 June 2014.

## FINANCIAL AND OPERATIONAL REVIEWS

### 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 30 June 2014 and 2013, the Group had the following number of gaming tables and slot machines in its two casinos:

	At 30 June 2014	At 30 June 2013
<b>Pharaoh's Palace Casino:</b>		
— Mass market tables	56	60
— VIP tables	75*	67*
— Slot machines	197	205
<b>Babylon Casino:</b>		
— Mass market tables	19	23
— Slot machines	120 <sup>#</sup>	120

\* Included in the number as at 30 June 2014 was a total of 4 (30 June 2013: 12) gaming tables which were temporarily not in operation.

<sup>#</sup> The slot machines as at 30 June 2014 were temporarily not in operation.

## MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2014, the Group recorded approximately HK\$654.9 million revenue from gaming services, representing an increase of approximately HK\$31.9 million or approximately 5.1% over that of the last corresponding period of approximately HK\$623.0 million. Breakdowns of the Group's revenue from gaming services for the six months ended 30 June 2014 and 2013 are as follows:

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Mass market tables:		
— Pharaoh's Palace Casino	502,227	480,971
— Babylon Casino	69,998	68,472
	572,225	549,443
VIP rooms — Pharaoh's Palace Casino	77,745	68,100
Slot machines:		
— Pharaoh's Palace Casino	4,271	4,764
— Babylon Casino	695	693
	4,966	5,457
<b>Total revenue from gaming services</b>	<b>654,936</b>	<b>623,000</b>

The following tables set out certain key operational data of mass market tables, VIP tables and slot machines for six months ended 30 June 2014 and 2013:

### Mass Market Tables

	Pharaoh's Palace Casino			Babylon Casino		
	Six months ended 30 June			Six months ended 30 June		
	2014 HK\$'000	2013 HK\$'000	Change %	2014 HK\$'000	2013 HK\$'000	Change %
Games drop*	2,869,720	4,136,294	(30.6)	681,167	641,853	6.1
Net win	913,138	874,493	4.4	127,270	125,032	1.8
Hold rate	31.82%	21.14%	10.68	18.68%	19.48%	(0.80)
Average number of tables	58	60	(3.3)	21	23	(8.7)
Net win per table per day	87	81	7.4	33	30	10.0

\* During the six months ended 30 June 2014, in order to minimise the risk of the Group's exposure to the increasing number of counterfeit bank notes in the market, the Group took a temporary measure for the mass market gaming tables that gaming patrons were requested to exchange HK\$ one thousand bank notes for chips at the Group's cashiers instead of on the gaming tables. Since the exchange of bank notes for chips at the Group's cashiers did not count towards games drop by definition, the temporary measure resulted in lower games drop during the six months ended 30 June 2014, which resulted in the figures of games drop and related hold rates not being comparable to those of the last corresponding period.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group's revenue from mass market tables for the six months ended 30 June 2014 was approximately HK\$572.2 million, representing an increase of approximately HK\$22.8 million or approximately 4.1% over that of the last corresponding period of approximately HK\$549.4 million. The increase was primarily attributable to the increase in mass gaming revenue generated at Pharaoh's Palace Casino by approximately HK\$21.3 million or approximately 4.4% to approximately HK\$502.2 million over that of the last corresponding period of approximately HK\$481.0 million. For the six months ended 30 June 2014, net win per table per day of the mass market tables at Pharaoh's Palace Casino increased by approximately 7.4% to approximately HK\$87,000 over that of the last corresponding period of approximately HK\$81,000.

### VIP Tables

	Pharaoh's Palace Casino		
	Six months ended 30 June		
	2014	2013	Change
	HK\$'000	HK\$'000	%
Games turnover	<b>126,897,335</b>	113,185,620	12.1
Net win	<b>3,887,268</b>	3,405,014	14.2
Win percentage	<b>3.06%</b>	3.01%	0.05
Average number of tables	<b>69</b>	59	16.9
Net win per table per day	<b>311</b>	319	(2.5)

The Group's revenue from VIP tables for the six months ended 30 June 2014 was approximately HK\$77.7 million, representing an increase of approximately HK\$9.6 million or approximately 14.2% over that of the last corresponding period of approximately HK\$68.1 million. The increase was primarily attributable to the increase in average number of VIP tables (expanded to 69 in the current period from 59 in the last corresponding period) and the increase in games turnover (increased by approximately 12.1% to approximately HK\$126.9 billion over that of the last corresponding period of approximately HK\$113.2 billion). For the six months ended 30 June 2014, net win per table per day of VIP tables at Pharaoh's Palace Casino decreased by approximately 2.5% to approximately HK\$311,000 over that of the last corresponding period of approximately HK\$319,000.

On 16 April 2014, the Group proposed to adopt the VIE Structure by entering into the VIE Agreements among Hong Hock, New Legend and Mr Frederick Yip which would allow the Group to indirectly participate in the gaming promotion business and have a greater control over the management and marketing of the VIP rooms operated by New Legend in the casinos located in its properties, as well as enhance its market footprint and receive a higher percentage of gross gaming revenue generated by the gaming tables in these VIP rooms. The VIE Structure was approved by the independent shareholders of the Company at an extraordinary general meeting of the Company held on 3 July 2014. Upon implementation of the VIE Structure, financial results of New Legend would be consolidated into the consolidated financial statements of the Group. Further details of the VIE Structure are set out in the Company's circular dated 9 June 2014.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Slot Machines

	Pharaoh's Palace Casino			Babylon Casino		
	Six months ended 30 June			Six months ended 30 June		
	2014	2013	Change	2014	2013	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Slot handle	366,863	304,831	20.3	39,939	32,030	24.7
Net win	17,728	16,815	5.4	1,671	2,031	(17.7)
Hold rate	4.83%	5.52%	(0.69)	4.18%	6.34%	(2.16)
Average number of slot machines	201	184	9.2	120	99	21.2
Net win per slot machine per day	0.5	0.5	—	0.1	0.1	—

The Group's revenue from slot machines at Pharaoh's Palace Casino for the six months ended 30 June 2014 decreased by approximately HK\$0.5 million or approximately 10.3% to approximately HK\$4.3 million over that of the last corresponding period of approximately HK\$4.8 million. The decrease was mainly due to the share of gross slot win by Weike (as defined below) since February 2013.

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 pays 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.

### Investment in Casino Management System

In July 2014, the Group entered into a purchase and license agreement with Bally Technologies, Inc. ("Bally Technologies", whose shares are listed on the New York Stock Exchange), a global leading supplier of innovative games, table game products, systems, mobile, and iGaming solutions for gaming industry, to provide the Group with the latest casino management system for improving player connectivity, patron loyalty and yield management. These tools will be important components of the Group's strategy to expand its mass gaming business. The casino management system licensed by Bally Technologies is the technology solution of choice for most of the large multi-casino operators in the Asia-Pacific Region. It is expected that the first phase of the casino management system will be installed and put into operation before the end of 2014. Implementation will be in phases to correspond to the expected expansion of gaming capacities of the Group.

## B. Non-gaming Operations

For the six months ended 30 June 2014, the Group recorded a total non-gaming revenue of approximately HK\$262.6 million, representing an increase of approximately HK\$41.8 million or approximately 18.9% over that of the last corresponding period of approximately HK\$220.8 million. Out of the total non-gaming revenue, revenue from The Landmark Macau accounted for approximately HK\$166.7 million or approximately 63.5% of the total non-gaming revenue (six months ended 30 June 2013: approximately HK\$131.1 million or approximately 59.4%); and MFW accounted for approximately HK\$95.9 million or approximately 36.5% of the total non-gaming revenue (six months ended 30 June 2013: approximately HK\$89.7 million or approximately 40.6%).

## MANAGEMENT DISCUSSION AND ANALYSIS

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

	Six months ended 30 June					
	2014			2013		
	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	80,854	13,128	93,982	56,131	10,809	66,940
Licensing income from investment properties	25,697	22,829	48,526	18,187	15,048	33,235
Income from building management services	28,210	9,977	38,187	20,997	8,117	29,114
Food and beverage	29,171	30,201	59,372	33,208	35,160	68,368
Sales of merchandise	—	19,417	19,417	—	19,983	19,983
Others	2,732	341	3,073	2,530	596	3,126
<b>Total revenue from non-gaming operations</b>	<b>166,664</b>	<b>95,893</b>	<b>262,557</b>	131,053	89,713	220,766

The increase in non-gaming revenue was primarily attributable to the increase in the rental income from hotel rooms and licensing and building management income at The Landmark Macau upon completion of renovation of the hotel.

The following table sets out certain key operational data on hotel operations of the Group for the six months ended 30 June 2014 and 2013:

	Six months ended 30 June	
	2014	2013
<b>The Landmark Macau</b>		
Occupancy rate (%)	91.3%	91.9%
ADR (HK\$)	1,447.4	1,163.1
REVPAR (HK\$)	1,321.9	1,069.0
<b>Rocks Hotel</b>		
Occupancy rate (%)	84.2%	79.0%
ADR (HK\$)	1,475.9	1,361.2
REVPAR (HK\$)	1,243.1	1,075.3

## MANAGEMENT DISCUSSION AND ANALYSIS

### The Landmark Macau

The occupancy rate of The Landmark Macau for the six months ended 30 June 2014 was approximately 91.3%, an approximately 0.6% decrease over that of the last corresponding period of approximately 91.9%. For the six months ended 30 June 2014, ADR and REVPAR of The Landmark Macau increased by approximately 24.4% and approximately 23.7% respectively when compared to those of the last corresponding period. Up to January 2014, all hotel rooms at The Landmark Macau had been refurbished and put into operation and room rates for these renovated rooms were marked up which gave rise to the increase in ADR and REVPAR for the six months ended 30 June 2014.

### Macau Fisherman's Wharf

For the six months ended 30 June 2014, MFW attracted a total of approximately 1,926,000 visitors, representing an increase of approximately 15.1% when compared to that of the last corresponding period of approximately 1,673,000 visitors.

The occupancy rate of Rocks Hotel for the six months ended 30 June 2014 was approximately 84.2%, an approximately 5.2% increase over that of the last corresponding period of approximately 79.0%. For the six months ended 30 June 2014, ADR and REVPAR of Rocks Hotel increased by approximately 8.4% and approximately 15.6% respectively when compared to those of the last corresponding period. The improved performance of Rocks Hotel was largely the result of successful marketing amid increased competition in the Macau hospitality industry.

## C. Corporate and Business Updates

### (a) Renovation of The Landmark Macau

The Landmark Macau underwent a significant makeover in 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.

### (b) MFW Redevelopment

Construction of the first new hotel project — Harbourview Hotel — will be substantially completed in the third quarter of 2014, with an anticipated opening in the fourth quarter of 2014.

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 the ongoing construction projects as part of the MFW Redevelopment.

<b>Buildings/Facilities</b>	<b>Brief Description</b>	<b>Progress</b>	<b>Target Completion Date</b>
Harbourview Hotel	A four-star hotel modelled after the 18th century architecture of Prague with 444 rooms and suites	Construction will be substantially completed in the third quarter of 2014, with an anticipated opening of the hotel in the fourth quarter of 2014	4Q 2014

## MANAGEMENT DISCUSSION AND ANALYSIS

<b>Buildings/Facilities</b>	<b>Brief Description</b>	<b>Progress</b>	<b>Target Completion Date</b>
Legend Palace Hotel	A five-star deluxe medieval Persian-themed hotel with 229 rooms and villa garden suites	Demolition work of Tang Dynasty complex and foundation work will be completed in two months. License for construction of the superstructure of hotel has been applied and construction of hotel is expected to commence in 4Q 2014	4Q 2015
Legendale Hotel	A flagship five-star deluxe rating hotel modelled after the Neo-Renaissance style of architecture of mid-17th century Vienna with over 500 rooms	Current design is under review for reduction of construction costs and improvement on the planning and operational efficiencies  Application for increase of the height of the hotel has been submitted to Macau government for approval	1Q 2017
General entertainment and cultural facility	Dinosaur experience and museum are to be constructed	The dinosaur museum is being redesigned to include fossil exhibits as well as the addition of intellectual and interactive elements to upgrade visitor participation experience	2Q 2016
	A newly developed multi-propose entertainment and performance theatre with capability for a wide range of entertainment from solo performers to plays, shows, operas, musicals and movies	In design stage	2Q 2016
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	Phase 1 — contract for supply and installation of jetty pontoons has been signed and design and manufacturing works commenced. Phase 1 of the marina upgrade is expected to enable berthing starting late November 2014	4Q 2014



## MANAGEMENT DISCUSSION AND ANALYSIS

<b>Buildings/Facilities</b>	<b>Brief Description</b>	<b>Progress</b>	<b>Target Completion Date</b>
		Phase 2 — further pontoons and wave attenuator wall in design stage	4Q 2015
Canopied open-air shopping, dining and entertainment colonnade	Development of fixed canopy structures on main boulevard and Jackson Square providing all-weathered protection with integrated lighting entertainment shows	Design for the canopy on Jackson Square has been completed and submitted to Macau government for approval	2Q 2015
		For the canopy on main boulevard, design to be submitted to Macau government for approval in September 2014	4Q 2015
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	Approval of Miami Building at MFW as part of Babylon Casino's extension has been obtained from DICJ recently	Phased completions 4Q 2014 to 4Q 2015
		First stage refurbishment work on Miami Building will commence by the end of August 2014. Additional works to other existing buildings is expected to commence soon	

For the six months ended 30 June 2014, all work within the MFW Redevelopment has progressed significantly. The substantive completion of construction of Harbourview Hotel expected in the third quarter of 2014 represents a milestone for the MFW Redevelopment. In addition, with the effort of close monitoring and supervision of the project, the Group expects that the construction of Harbourview Hotel could be completed with total costs much lower than the original budget.

Certain construction projects which are currently in design and planning stages are being redesigned and reevaluated to reduce construction costs and improve operational efficiencies. These have resulted in adjustments on certain target completion dates. The Group believes that these adjustments will improve the construction projects with enhanced facilities.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (c) Completion of a top-up placement of 188,000,000 new Shares

In January 2014, the Company completed a top-up placement of 188,000,000 new Shares, representing approximately 2.92% of the enlarged issued share capital of the Company upon completion of the top-up placement, to certain independent professional, institutional and other investors at HK\$7.25 per Share and raised net proceeds of approximately HK\$1,350.8 million. Further details of the top-up placement are set out in the Company's announcement dated 16 January 2014.

### (d) 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"), a company incorporated in Japan and whose shares are listed on the Main Board of the Stock Exchange (stock code: 6889). 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. On 23 February 2014, the MOU was extended with a new expiry date on 23 August 2014.

### (e) Execution of the Facility Agreement for a new five-year transferable term loan facility

On 8 April 2014, MFW Investment, as borrower, together with the Corporate Guarantors, entered into the Facility Agreement with ICBC Macau and the other Lenders relating to the Facility to be made available to MFW Investment. Further details of the Facility are set out in the Company's announcement dated 8 April 2014.

As at 30 June 2014, MFW Investment had drawn down HK\$1,324.0 million under tranche A of the Facility to settle in full the then outstanding bank borrowings of the Group and HK\$2,500.0 million under tranche B of the Facility for partial financing of the costs of the MFW Redevelopment.

### (f) Indirect participation in gaming promotion business through New Legend

On 16 April 2014, the Group proposed to adopt the VIE Structure by entering into the VIE Agreements among Hong Hock, New Legend and Mr Frederick Yip which would allow the Group to indirectly participate in the gaming promotion business and have a greater control over the management and marketing of the VIP rooms operated by New Legend in the casinos located in its properties, as well as enhance its market footprint and receive a higher percentage of gross gaming revenue generated by the gaming tables in these VIP rooms. The VIE Structure has been approved by the independent shareholders of the Company at an extraordinary general meeting of the Company held on 3 July 2014.

Upon implementation of the VIE Structure, financial results of New Legend would be consolidated into the consolidated financial statements of the Group. Further details of the VIE Structure are set out in the Company's circular dated 9 June 2014.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OUTLOOK

This is the first anniversary since the Shares were listed on the Stock Exchange in July 2013. During this period, the Macau gaming industry has continued to change as the tourism market matures and as the Macau government's policies to diversify the economy take effect. The Group is well positioned to benefit from these trends in Macau, in particular the expected growth in the Macau Peninsula market.

The first new hotel project at MFW, Harbourview Hotel, is scheduled to open in the fourth quarter of 2014, adding 444 rooms to the current 511-room capacity of the Group. The second and third new hotel projects at MFW are also progressing and the addition of over 700 rooms will alleviate the scarcity of quality hotel accommodation in the Macau Peninsula.

The increase in new hotel rooms, together with the accompanying conventions, exhibitions and tourism facilities at MFW, will complement the policies set out by the Macau government to diversify the economy. The Group is confident that with each additional phase of non-gaming facilities and hotels at MFW, there will be support from the relevant authorities for a corresponding expansion to our gaming capacity.

In order to be well prepared for the anticipated increased capacities in gaming capacity, in July 2014, the Group entered into a purchase and license agreement with Bally Technologies, a global leading supplier of innovative games, table game products, systems, mobile, and iGaming solutions for gaming industry, to provide the Group with the latest casino management system for improving player connectivity, patron loyalty and yield management. These tools will be important components of the Company's strategy to expand its mass gaming business. The casino management system licensed by Bally Technologies is the technology solution of choice for most of the large multi-casino operators in the Asia-Pacific Region. It is expected that the first phase of the casino management system will be installed and put into operation before the end of 2014. Implementation will be in phases to correspond to the expected expansion of gaming capacities of the Group.

Although the growth in the VIP segments in Macau in the past few months have weakened, the economy in China has remained strong and the Group believes the VIP segment will continue to remain robust.

The shareholders of the Company at the extraordinary general meeting held on 3 July 2014 approved the VIE Structure. This will allow the Company to indirectly participate in the gaming promotion business which will increase its share of the gross gaming revenue generated from the VIP rooms to 42%, together with expense reimbursement of up to 15% of the gross gaming revenue. This higher share of the revenue contribution from VIP tables is expected to increase the Group's total revenue. The Group will actively and prudently engage in the gaming promotion business to fully realise the potential revenue generated from the VIP gaming segment.

The Group also benefited 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 establish Macau as a tourist destination centre which includes family entertainment, food and beverage, shopping, cultural and educational experiences.

Overall, the Group is confident in the long-term prospects of the Macau gaming industry given the expected continued growth of the economy of China, in particular its middle class, and the expected increase in our offerings to visitors on the Macau Peninsula. The Group will continue to execute its development plan with the focus on delivering high quality and diversified offerings to its customers and visitors.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 30 June 2014, the consolidated net assets attributable to owners of the Company amounted to approximately HK\$7,190.4 million, representing an increase of approximately HK\$1,593.9 million from approximately HK\$5,596.5 million as at 31 December 2013. The increase in consolidated net assets during the six months ended 30 June 2014 was mainly due to the proceeds received from the top-up placement of 188,000,000 new Shares of approximately HK\$1,350.8 million and the Group's profit for the period of approximately HK\$226.4 million.

### Bank balances and cash

As at 30 June 2014, bank balances and cash held by the Group amounted to approximately HK\$4,597.3 million (including pledged bank deposits of approximately HK\$20.6 million) of which approximately 83.5% was denominated in RMB and the remaining approximately 16.5% 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 5 July 2013 on which the Company raised net proceeds of approximately HK\$2.1 billion. In addition, the Company completed a top-up placement of 188,000,000 new Shares and raised net proceeds of approximately HK\$1,350.8 million in January 2014. In order to enhance better yield from the portion of the proceeds raised from the Listing and the top-up placement which are 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 1 to 12 months. As at 30 June 2014, a total of approximately HK\$4,008.9 million had been placed as fixed deposits at banks in Hong Kong and Macau, including approximately HK\$3,816.8 million in RMB and approximately HK\$187.3 million in HK\$, at an average annualised interest rate of approximately 3.3%.

Exchange rate of RMB against HK\$ fluctuated during the first half of the year. For accounting purposes, the RMB fixed deposits held by the Group were retranslated into HK\$ at the exchange rate as at 30 June 2014 which resulted in an unrealised exchange loss of approximately HK\$73.9 million being recognised in the Group's interim results (subsequent to 30 June 2014 and as at the date of this report, RMB has appreciated against HK\$ for over 1%).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Borrowings

As at 30 June 2014, the Group had outstanding secured and unguaranteed bank borrowings of approximately HK\$3,766.9 million. The maturity profile of the bank borrowings of approximately HK\$3,766.9 million was spread over a period of less than 5 years with approximately HK\$378.5 million repayable in the second year and approximately HK\$3,388.4 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 as at 30 June 2014 were denominated in HK\$ (the Group's functional currency) and hence the Group does not expect any significant foreign currency exposure in respect of its bank borrowings as at 30 June 2014.

### USE OF PROCEEDS FROM GLOBAL OFFERING

Trading of the 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. Up to 30 June 2014, the Group had applied approximately HK\$675.5 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 30 June 2014, 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\$252.9 million, buildings with a total carrying amount of approximately HK\$1,661.6 million, prepaid lease payments with a total carrying amount of approximately HK\$1,825.0 million, trade receivables of approximately HK\$139.3 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 52.4% as at 30 June 2014 (31 December 2013: approximately 25.1%). The increase in gearing ratio of the Group for the six months ended 30 June 2014 was mainly due to the inception of new bank loan by the Group during the period which was offset by the increase in total equity of the Group during the period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### HEDGING, ACQUISITION AND DISPOSALS AND SIGNIFICANT INVESTMENTS

During the six months ended 30 June 2014, 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 30 June 2014 are set out in note 20 to the condensed consolidated financial statements of the Group for the six months ended 30 June 2014.

### CAPITAL COMMITMENTS

As at 30 June 2014, the Group had capital commitments which were authorised but not contracted for in respect of the renovation work of The Landmark Macau and the MFW Redevelopment of approximately HK\$141.3 million and approximately HK\$6,278.2 million respectively. In addition, as at 30 June 2014, 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\$1,342.0 million.

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2014, the Group had a total of approximately 3,080 employees, including approximately 1,390 gaming operation employees who were employed and paid by SJM but over whom the Group exercised 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.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2014.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2014, the interests and short positions 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	1,176,629,066	18.29%
	Controlled corporations	683,453,780 <sup>(1)</sup>	10.62%
	Interest of spouse	129,690,066 <sup>(2)</sup>	2.02%
		1,989,772,912	30.93%
Madam Lam	Controlled corporation	925,243,500 <sup>(3)</sup>	14.38%
Mr Sheldon Trainor-DeGirolamo	Beneficial owner	6,539,481	0.10%
	Controlled corporation	70,631,345 <sup>(4)</sup>	1.10%
		77,170,826	1.20%
Mr Tong Ka Wing, Carl	Beneficial owner	3,446,740	0.05%

Notes:

- 601,653,780 Shares were held by All Landmark, and 81,800,000 Shares were interested by Max Wise Management Limited, a controlled corporation of Mr David Chow, under a share swap transaction.
  - Mr David Chow was deemed to be interested in 129,690,066 Shares through the interest of his spouse, Ms Melinda Chan.
  - These Shares were held by Grand Bright.
  - 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 30 June 2014.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### (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 <sup>(Note)</sup>	0.38%

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 30 June 2014.

#### (ii) Directors' Reward Shares

Name of Directors	Capacity	Number of Shares <sup>(Note)</sup>	*Approximate percentage of total issued Shares
Mr David Chow	Beneficial owner	13,503,052	0.21%
Mr Sheldon Trainor-DeGirolamo	Beneficial owner	10,386,963	0.16%
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 30 June 2014.

### (3) Long Position in Shares of Associated Corporations

Name of associated corporations	Name of Directors	Nature of interests	Number of shares <sup>(1)</sup>	Percentage of interest of associated corporations
Hong Hock	Mr David Chow	Beneficial owner	100	0.01%
	Madam Lam	Controlled corporation	100 <sup>(2)</sup>	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:

- 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.
- These shares were held by Grand Bright.



# CORPORATE GOVERNANCE AND OTHER INFORMATION

## (4) Short Position in Shares of the Company

Name of Director	Capacity	Number of Shares	*Approximate percentage of total issued Shares
Mr David Chow	Beneficial owner	366,033,000	5.69%

\* The percentage represents the number of Shares involved in the short position divided by the number of the issued Shares as at 30 June 2014.

Save as disclosed above, none of the Directors or chief executive of the Company, as at 30 June 2014, had registered an interest or a short position in the Shares, underlying Shares or debentures of the Company 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 six months ended 30 June 2014:

Name of participant	Date of grant	At 1 January 2014	Granted during the period	Exercised/ forfeited/ expired during the period	At 30 June 2014	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.

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

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2014, so far as the Directors are aware, the following parties (other than the Directors and chief executives of the Company) had interests or short positions in 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 Position in Shares of the Company

Name of substantial shareholders	Capacity	Number of Shares	*Approximate percentage of total issued Shares
All Landmark	Beneficial owner	601,653,780 <sup>(1)</sup>	9.35%
Ms Melinda Chan	Beneficial owner	129,690,066	2.02%
	Interests of spouse	1,860,082,846 <sup>(2)</sup>	28.91%
		1,989,772,912	30.93%
Grand Bright	Beneficial owner	925,243,500 <sup>(3)</sup>	14.38%
Elite Success	Beneficial owner	710,925,750	11.05%
Mr Li Chi Keung	Beneficial owner	85,842,429	1.33%
	Controlled corporation	710,925,750 <sup>(4)</sup>	11.05%
	Interests of spouse	747,680 <sup>(5)</sup>	0.01%
		797,515,859	12.39%
Ms Wong Hoi Ping	Beneficial owner	747,680	0.01%
	Controlled corporation	710,925,750 <sup>(4)</sup>	11.05%
	Interests of spouse	85,842,429 <sup>(6)</sup>	1.33%
		797,515,859	12.39%
Ms Chan Un Chan	Beneficial owner	53,294,000	0.83%
	Founder of discretionary trust	934,269,609 <sup>(7)</sup>	14.52%
	Controlled corporation	2,835,000 <sup>(8)</sup>	0.04%
		990,398,609	15.39%
Earth Group Ventures Ltd.	Beneficial owner	934,269,609 <sup>(7)</sup>	14.52%
UBS TC (Jersey) Ltd.	Trustee/controlled corporation	934,269,609 <sup>(7)</sup>	14.52%

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## 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 and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations".
2. Ms Melinda Chan was deemed to be interested in 1,860,082,846 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 and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations".
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 747,680 Shares through the interest of his spouse, Ms Wong Hoi Ping.
6. Ms Wong Hoi Ping was deemed to be interested in 85,842,429 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.

## (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 <sup>(Note)</sup>	0.38%

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 the issued Shares as at 30 June 2014.

### (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 <sup>(Note)</sup>	0.21%

Note: Ms Melinda Chan was deemed to be interested in 13,503,052 reward Shares through the interest of her spouse, Mr David Chow. Details of the above reward Shares have been disclosed in the above section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations".

\* The percentage represents the number of underlying Shares interested divided by the number of the issued Shares as at 30 June 2014.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### (3) Short Position in Shares of the Company

Name of substantial shareholder	Capacity	Number of Shares	*Approximate percentage of total issued Shares
Ms Melinda Chan	Interests of spouse	366,033,000	5.69%

Note: Ms Melinda Chan was deemed to have a short position in 366,033,000 Shares through the short position of her spouse, Mr David Chow. Details of the above short position in Shares have been disclosed in the above section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations".

\* The percentage represents the number of Shares involved in the short position divided by the number of the issued Shares as at 30 June 2014.

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 30 June 2014, 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.

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

Pursuant to the Facility Agreement, the following specific performance obligations have been imposed on the controlling shareholders of the Company unless consented by the Majority Lenders:

- (i) Mr David Chow, All Landmark, Madam Lam, Grand Bright and certain substantial shareholders of the Company are required to hold directly or indirectly in aggregate not less than 51% of the issued share capital of the Company; and
- (ii) the majority of the Board, being Mr David Chow, Madam Lam, Mr Sheldon Trainor-DeGirolamo and Mr Tong Ka Wing, Carl, shall remain the same during the life of the Facility.

Such requirements as to the maintenance of the level of ownership and composition of the members of the Board result in the disclosure obligation under Rule 13.18 of the Listing Rules.

### 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, among others, the total number of Shares held by the Covenantors should not be less than 51% of the total issued capital of the Company. Further details of the Transfer Restrictions are set out in the Prospectus and the Supplemental Prospectus.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## UPDATE ON DIRECTORS' INFORMATION

Details of the biography of each of the Directors of the Company are set out in the 2013 Annual Report of the Company dated 18 February 2014.

Set out below is the change in information of a Director of the Company pursuant to Rule 13.51B(1) of the Listing Rules:

- Mr David Chow has been appointed as a member of the fourth-term Chief Executive Election Committee of Macau in July 2014.

## CORPORATE GOVERNANCE

### Compliance with the Corporate Governance Code

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. Throughout the six months ended 30 June 2014, the Company has complied with the CG Code, except code provision A.2.1.

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.

### Compliance with the Model Code and Employees Written Guidelines

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 Directors and they have confirmed their compliance with the Model Code during the six months ended 30 June 2014.

The Company also has established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines"), governing securities transactions by relevant 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 relevant employees was noted by the Company during the six months ended 30 June 2014.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Review of 2014 Interim Report and Unaudited Condensed Consolidated Financial Statements

The 2014 Interim Report including the unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2014 have been reviewed by the audit committee of the Company, which currently comprises three independent non-executive Directors, namely Mr Fong Chung, Mark, Mr Xie Min and Madam Tam Wai Chu, Maria, and the non-executive Director, Mr Tong Ka Wing, Carl. The unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2014 have also been reviewed by the Company's independent auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

### Investor Relations

Information regarding the Company is published on its website: [www.macaulegend.com](http://www.macaulegend.com). Interim and annual reports, circulars and notices of the Company are dispatched to shareholders of the Company at appropriate times. The website of the Company provides information such as e-mail address, correspondence address and telephone numbers for inquiries, and provides information on business activities of the Group.

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

Hong Kong, 20 August 2014

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



## TO THE BOARD OF DIRECTORS OF MACAU LEGEND DEVELOPMENT LIMITED

澳門勵駿創建有限公司

*(incorporated in the Cayman Islands with limited liability)*

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Macau Legend Development Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 31 to 48, which comprise the condensed consolidated statement of financial position as of 30 June 2014 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

20 August 2014

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	Notes	Six months ended 30 June	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Revenue	3	917,493	843,766
Cost of sales and services		(421,326)	(363,513)
Other income, gains and losses		496,167	480,253
Marketing and promotional expenses		(27,196)	12,347
Operating, administrative and other expenses		(23,400)	(21,468)
Finance costs	5	(185,293)	(174,329)
Profit before taxation	6	(36,396)	(30,908)
Taxation credit	7	223,882	265,895
Profit and total comprehensive income for the period, attributable to owners of the Company		2,490	839
Earnings per share	9	226,372	266,734
— Basic (HK cents)		3.5	5.1
— Diluted (HK cents)		3.5	5.1



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	Notes	<b>30 June 2014 HK\$'000 (unaudited)</b>	31 December 2013 HK\$'000 (audited)
<b>Non-current assets</b>			
Investment properties		<b>252,945</b>	256,984
Property and equipment	10	<b>3,060,512</b>	2,541,763
Prepaid lease payments		<b>1,773,076</b>	1,775,186
Goodwill		<b>681,986</b>	681,986
Deposit paid	11	<b>697,824</b>	—
		<b>6,466,343</b>	5,255,919
<b>Current assets</b>			
Inventories		<b>42,399</b>	40,994
Prepaid lease payments		<b>51,969</b>	51,290
Trade and other receivables	12	<b>641,715</b>	605,057
Amounts due from related companies	13	<b>4</b>	518
Pledged bank deposits		<b>20,581</b>	20,581
Bank balances and cash			
— Cash at banks and on hand		<b>1,893,069</b>	1,006,527
— Short term bank deposits with original maturity over three months		<b>2,683,630</b>	832,520
		<b>5,333,367</b>	2,557,487
<b>Current liabilities</b>			
Trade and other payables	14	<b>652,679</b>	619,264
Taxation		<b>825</b>	1,650
Amounts due to related companies	13	<b>808</b>	25
Bank borrowings — due within one year	15	<b>—</b>	355,802
		<b>654,312</b>	976,741
<b>Net current assets</b>		<b>4,679,055</b>	1,580,746
<b>Total assets less current liabilities</b>		<b>11,145,398</b>	6,836,665
<b>Non-current liabilities</b>			
Bank borrowings — due after one year	15	<b>3,766,887</b>	1,048,723
Deferred tax liability	16	<b>188,150</b>	191,465
		<b>3,955,037</b>	1,240,188
<b>Net assets</b>		<b>7,190,361</b>	5,596,477
<b>Capital and reserves</b>			
Share capital	17	<b>643,472</b>	624,672
Reserves		<b>6,546,889</b>	4,971,805
<b>Equity attributable to owners of the Company</b>		<b>7,190,361</b>	5,596,477

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (note (i))	Special reserve HK\$'000 (note (ii))	Share options reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2013 (audited)	522,672	3,396,344	(323,835)	(10,052)	18,666	1,720,695	5,324,490
Profit and total comprehensive income for the period	—	—	—	—	—	266,734	266,734
Issue of shares (note 17)	7,063	158,922	—	—	—	—	165,985
Dividend (note 8)	—	(2,446,583)	—	—	—	—	(2,446,583)
Coupon paid	—	—	—	7,600	—	(7,600)	—
At 30 June 2013 (unaudited)	529,735	1,108,683	(323,835)	(2,452)	18,666	1,979,829	3,310,626
At 1 January 2014 (audited)	<b>624,672</b>	<b>3,034,967</b>	<b>(323,835)</b>	—	<b>37,862</b>	<b>2,222,811</b>	<b>5,596,477</b>
Profit and total comprehensive income for the period	—	—	—	—	—	226,372	226,372
Share-based payments	—	—	—	—	16,762	—	16,762
Placement of shares (note 17)	<b>18,800</b>	<b>1,344,200</b>	—	—	—	—	<b>1,363,000</b>
Transaction costs attributable to placement of shares	—	(12,250)	—	—	—	—	(12,250)
At 30 June 2014 (unaudited)	<b>643,472</b>	<b>4,366,917</b>	<b>(323,835)</b>	—	<b>54,624</b>	<b>2,449,183</b>	<b>7,190,361</b>

Notes:

- (i) The other reserve of the Group represents the difference between the nominal value of the shares of subsidiaries acquired by the Company and the nominal value of the shares of the Company issued for acquisition at the time of group reorganisation in December 2006.
- (ii) The special reserve of the Group represents the deemed distribution recognised from coupon payments on a promissory note to a non-controlling shareholder pursuant to a share purchase agreement in relation to disposal of a 4% equity interest of the Company on 30 August 2012. During the six months ended 30 June 2013, HK\$7,600,000 was paid as coupon payments and such amount was transferred from special reserve to retained earnings in equity. Upon the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited on 5 July 2013, the obligation of the payment of coupon payments by the Company was ceased and the remaining outstanding coupon was waived accordingly.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Net cash from operating activities	<b>450,611</b>	460,228
Investing activities		
Interest received	<b>45,099</b>	122
Advance to directors	—	(247,860)
Advance to a gaming promoter	—	(67,000)
Purchase of property and equipment	<b>(614,341)</b>	(3,371)
Proceed from disposal of property and equipment	<b>22</b>	—
Deposit paid	<b>(697,824)</b>	—
Placement of short term bank deposits	<b>(1,892,930)</b>	—
Addition to prepaid lease payments	<b>(24,440)</b>	(24,440)
Net cash used in investing activities	<b>(3,184,414)</b>	(342,549)
Financing activities		
Interest paid	<b>(22,891)</b>	(28,808)
Proceeds from placement of shares	<b>1,363,000</b>	—
Transaction costs on placement of shares	<b>(12,250)</b>	—
Advance from a director	—	7,877
Repayment to a director	—	(3,556)
Advance from a gaming promoter	—	53,823
Repayment to a gaming promoter	—	(10,000)
New bank borrowings raised	<b>3,738,559</b>	—
Repayment of bank borrowings	<b>(1,414,000)</b>	(158,000)
Coupon paid to a non-controlling shareholder	—	(7,600)
Net cash from (used in) financing activities	<b>3,652,418</b>	(146,264)
Net increase (decrease) in cash and cash equivalents	<b>918,615</b>	(28,585)
Cash and cash equivalents at 1 January	<b>1,006,527</b>	112,117
Effect of foreign exchange rate charges	<b>(32,073)</b>	—
Cash and cash equivalents at 30 June	<b>1,893,069</b>	83,532
Analysis of the cash and cash equivalents:		
Bank balances and cash	<b>4,576,699</b>	83,532
Less: Short term bank deposits with original maturity over three months	<b>(2,683,630)</b>	—
	<b>1,893,069</b>	83,532

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

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 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of 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 Group is one of the leading owners of entertainment and casino gaming facilities in Macau. The Group is engaged in operating the business in the complex namely The Landmark Macau and Macau Fisherman's Wharf ("MFW"). The Landmark Macau is an award-winning integrated hotel, casino and luxury shopping complex, featuring a five-star hotel and Macau's first themed casino. MFW is a waterfront integrated gaming, hotel, convention and entertainment complex located on the outer harbour of the Macau Peninsula.

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The condensed consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computations used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, certain new interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

### 3. REVENUE

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

	Six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Revenue from provision of gaming related facilities and gaming related general management services under the Service Agreement (as defined in note 4) in respect of:		
— Mass market tables	572,225	549,443
— VIP rooms	77,745	68,100
— Slot machines	4,966	5,457
	<b>654,936</b>	623,000
Revenue from non-gaming operations:		
— Rental income from hotel rooms	93,982	66,940
— Licensing income from investment properties	48,526	33,235
— Income from building management services	38,187	29,114
— Food and beverage	59,372	68,368
— Sales of merchandise	19,417	19,983
— Others	3,073	3,126
	<b>262,557</b>	220,766
	<b>917,493</b>	843,766

### 4. SEGMENT INFORMATION

The executive directors of the Company (the "Executive Directors") have been identified as the chief operating decision maker. 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 "Operating segments" as gaming and non-gaming operations.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

## 4. SEGMENT INFORMATION (continued)

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 Development Company Limited (“Hong Hock”), a subsidiary of the Company, and a gaming operator, Sociedade de Jogos de Macau, S.A. (“SJM”), whereby the revenue is 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 services, 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 six months ended 30 June 2014 (unaudited)

	Gaming HK\$'000	Non-gaming HK\$'000	Segment total HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
External revenue	654,936	262,557	917,493	—	917,493
Inter-segment revenue	—	29,349	29,349	(29,349)	—
Segment revenue	654,936	291,906	946,842	(29,349)	917,493
Segment profits	421,327	18,714	440,041	—	440,041
Unallocated depreciation and release of prepaid lease payments					(33,717)
Unallocated corporate expenses					(72,153)
Unallocated unrealised exchange loss, net					(73,893)
Finance costs					(36,396)
Profit before taxation					223,882

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

### 4. SEGMENT INFORMATION (continued)

#### Segment revenue and results (continued)

For the six months ended 30 June 2013 (unaudited)

	Gaming HK\$'000	Non-gaming HK\$'000	Segment total HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
External revenue	623,000	220,766	843,766	—	843,766
Inter-segment revenue	—	27,365	27,365	(27,365)	—
Segment revenue	623,000	248,131	871,131	(27,365)	843,766
Segment profits (losses)	408,979	(23,683)	385,296	—	385,296
Unallocated depreciation and release of prepaid lease payments					(27,623)
Unallocated corporate expenses					(21,405)
Listing expenses					(39,465)
Finance costs					(30,908)
Profit before taxation					265,895

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. Segment profits (losses) represent the results of each segment without allocation of depreciation of investment properties and property and equipment and release of prepaid lease payments, corporate expenses, net unrealised exchange loss, 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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

## 5. FINANCE COSTS

	Six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Interest on bank borrowings which is wholly repayable within five years	30,421	28,809
Amortisation of finance costs on bank borrowings	13,071	2,099
Other finance costs	2,316	—
Total borrowing costs	45,808	30,908
Less: Capitalised borrowing costs in construction in progress (included in property and equipment)	(9,412)	—
	36,396	30,908

## 6. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Depreciation of investment properties	4,039	4,039
Depreciation of property and equipment	84,198	60,906
Release of prepaid lease payments	25,871	25,205
Operating lease rentals in respect of leasehold land and buildings	5,823	5,936
Reversal of allowance for bad and doubtful debts	—	(1,191)
Reversal of allowance for inventories	(184)	(3,398)
Cost of inventories recognised as an expense (included in cost of sales and services)	30,879	38,891
Unrealised exchange loss, net	73,893	—
Loss on disposal of property and equipment	20,785	5,290
Listing expenses	—	39,465
Interest income	(52,307)	(121)
Gross licensing income from investment properties	(48,526)	(33,235)
Less: Direct operating expenses that generate licensing income	4,039	4,039
Net licensing income	(44,487)	(29,196)



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

## 7. TAXATION CREDIT

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Current tax charge	<b>(825)</b>	(2,476)
Deferred taxation credit (note 16)	<b>3,315</b>	3,315
Income tax credit	<b>2,490</b>	839

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

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 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 six months ended 30 June 2014, provision for taxation of HK\$825,000 (six months ended 30 June 2013: HK\$2,476,000) has been made.

## 8. DIVIDEND

### Six months ended 30 June 2014

No dividends were paid, declared or proposed during the current interim period.

### Six months ended 30 June 2013

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 Mr Chow Kam Fai, David ("David Chow"), Madam Lam Fong Ngo, Mr 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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

## 8. DIVIDEND (continued)

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 Mr 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 Madam Lam Fong Ngo and Mr 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.

## 9. EARNINGS PER SHARE

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

### Earnings

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period for the purpose of basic and diluted earnings per share	226,372	266,734

### Number of shares

	Six months ended 30 June	
	2014	2013
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	6,410,830	5,245,060
Effect of diluted potential ordinary shares		
— Share options	16,944	—
— Directors' reward shares	29,083	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	6,456,857	5,245,060

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

### 10. PROPERTY AND EQUIPMENT

The addition of property and equipment during the period includes amounts of HK\$112,185,000 and HK\$476,493,000 for renovation of The Landmark Macau and redevelopment of MFW, respectively.

### 11. DEPOSIT PAID

The amount as at 30 June 2014 represents a refundable deposit of HK\$697,824,000 paid in respect of a potential long term investment project.

### 12. TRADE AND OTHER RECEIVABLES

	<b>30 June 2014 HK\$'000 (unaudited)</b>	31 December 2013 HK\$'000 (audited)
Trade receivables	139,404	131,083
Less: Allowance for doubtful debts	(14)	(14)
	<b>139,390</b>	131,069
Other receivables and deposits	76,939	27,304
Prepayments	29,322	9,181
Receivables from gaming operator received on behalf of gaming promoters	337,645	401,775
Amount due from a gaming promoter	58,419	35,728
Total trade and other receivables	<b>641,715</b>	605,057

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

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.

	<b>30 June 2014 HK\$'000 (unaudited)</b>	31 December 2013 HK\$'000 (audited)
Within 3 months	130,735	120,334
Over 3 months but within 6 months	587	802
Over 6 months but within 1 year	802	1,452
Over 1 year	7,266	8,481
	<b>139,390</b>	131,069

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

### 13. 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 trading balances, the Group allows an average credit period of 3 months to its related companies.

The details of the amounts due from related companies are as follows:

	<b>30 June 2014 HK\$'000 (unaudited)</b>	31 December 2013 HK\$'000 (audited)
Trading	—	516
Non-trading	4	2
Amounts due from related companies	<b>4</b>	518

As at 31 December 2013, the trading balances of HK\$516,000 were aged within 3 months.

The amounts due to related companies are non-trading in nature.

### 14. 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.

	<b>30 June 2014 HK\$'000 (unaudited)</b>	31 December 2013 HK\$'000 (audited)
Trade payables	<b>71,619</b>	74,973
Deposits received from tenants	<b>46,966</b>	41,636
Accrued staff costs	<b>113,838</b>	87,887
Other accruals	<b>32,645</b>	23,010
Other payables	<b>99,883</b>	45,667
Amounts due to gaming promoters	<b>287,728</b>	346,091
Total trade and other payables	<b>652,679</b>	619,264

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

### 14. TRADE AND OTHER PAYABLES (continued)

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

	<b>30 June 2014 HK\$'000 (unaudited)</b>	31 December 2013 HK\$'000 (audited)
Within 3 months	35,318	38,620
Over 3 months but within 6 months	109	49
Over 6 months but within 1 year	26	138
Over 1 year	36,166	36,166
	<b>71,619</b>	74,973

### 15. BANK BORROWINGS

	<b>30 June 2014 HK\$'000 (unaudited)</b>	31 December 2013 HK\$'000 (audited)
Bank borrowings — secured	3,766,887	1,404,525
Secured bank borrowings due		
— within one year	—	355,802
— more than one year, but not exceeding two years	378,524	365,802
— more than two years, but not more than five years	3,388,363	682,921
	<b>3,766,887</b>	1,404,525
Less: Amount due within one year shown under current liabilities	—	(355,802)
Amount due after one year	<b>3,766,887</b>	1,048,723

During the current period, the Group entered into a facility agreement with banks relating to a new five-year syndicated bank term loan facility in the amount of HK\$4,221.0 million, of which HK\$1,324.0 million was used to repay the then outstanding bank borrowings and the remaining HK\$2,897.0 million was intended to be used to partially finance the redevelopment project costs of MFW. As at 30 June 2014, the Group had drawn down a total of HK\$3,824.0 million under the facility.

As at 30 June 2014, the bank borrowings were denominated in Hong Kong dollars and bear interests at Hong Kong Interbank Offered Rate ("HIBOR") plus 2.5% per annum (31 December 2013: HIBOR plus 3.0% per annum and Macau prime rate minus 1%). As at 30 June 2014, the weighted average effective interest rate was 2.88% (31 December 2013: 3.54%) per annum.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

## 16. DEFERRED TAX LIABILITY

The following is the movements of deferred tax liability recognised for the six months ended 30 June 2014 and the year ended 31 December 2013:

	HK\$'000
At 1 January 2013 (audited)	198,094
Credit to profit or loss	(6,629)
At 31 December 2013 (audited)	191,465
Credit to profit or loss (note 7)	(3,315)
At 30 June 2014 (unaudited)	188,150

The deferred tax liability represents the temporary differences between fair value adjustments of investment properties, property and equipment and prepaid lease payments acquired upon acquisition of the MFW Group in May 2012 and their corresponding tax bases.

## 17. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
<i>Authorised:</i>		
At 1 January 2014 (audited) and 30 June 2014 (unaudited)	10,000,000,000	1,000,000
<i>Issued and fully paid:</i>		
At 1 January 2014 (audited)	6,246,719,623	624,672
Placement of shares (note)	188,000,000	18,800
At 30 June 2014 (unaudited)	6,434,719,623	643,472

Note:

On 16 January 2014, All Landmark, a controlling shareholder of the Company, entered into a placing agreement for the placement of up to 188,000,000 ordinary shares of the Company (the "Placing Shares") to certain independent professional, institutional and other investors (the "Placees") at HK\$7.25 per share. On the same date, 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 HK\$1,350,750,000.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

### 18. 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:

	<b>30 June 2014 HK\$'000 (unaudited)</b>	31 December 2013 HK\$'000 (audited)
Within one year	51,687	53,804
In the second to fifth year inclusive	25,134	48,826
	<b>76,821</b>	102,630

Operating lease payments represent rentals payable by the Group for certain of its leasehold land, 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 for an average term of two years 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:

	<b>30 June 2014 HK\$'000 (unaudited)</b>	31 December 2013 HK\$'000 (audited)
Within one year	113,747	99,641
In the second to fifth year inclusive	276,154	265,993
Over five years	158,589	97,903
	<b>548,490</b>	463,537

Operating lease income represents licensing income receivable by the Group from 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 for both reporting periods.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

## 19. 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 approximately HK\$1,342,037,000 (31 December 2013: HK\$292,259,000).

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\$141,317,000 (31 December 2013: HK\$231,189,000) and (ii) redevelopment plan of MFW of approximately HK\$6,278,150,000 (31 December 2013: HK\$7,609,863,000).

## 20. CONTINGENT LIABILITIES

The Group had the following contingent liabilities at the end of the reporting period:

- (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 six months ended 30 June 2014 and the year ended 31 December 2013.
- (ii) Prior to acquisition by the Group, Macau Fisherman's Wharf International Investment Limited ("MFW Investment") initiated repossession proceedings against a former tenant at MFW with rental arrears in dispute of approximately MOP89,008,000 (equivalent to approximately HK\$86,416,000) in 2009. The former tenant initiated a counterclaim from MFW Investment an amount of approximately 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 approximately 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 of the Company believe the aforementioned case would not result in any material adverse effect on the financial position of the Group as at 30 June 2014. Accordingly, no further provision has been made in the condensed consolidated financial statements.
- (iii) 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 approximately MOP23,709,000 (equivalent to approximately HK\$23,018,000) and MFW Investment counterclaimed an amount of approximately 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 approximately 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. The Macau Court of Second Instance dismissed the appeal from the contractor in June 2014 and agreed to award MFW the amount of damages. The directors of the Company believe the aforementioned case would not result in any material adverse effect on the financial position of the Group as at 30 June 2014. Accordingly, no provision has been made in the condensed consolidated financial statements.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

## 20. CONTINGENT LIABILITIES (continued)

- (iv) 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 incorporated in Macau 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 all borrowed amounts should be repaid 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 30 June 2014, an amount of HK\$300 million under the facility was utilised by New Legend and remained outstanding. The revolving credit facility was renewed on 14 July 2014 and is valid for one year from 3 July 2014 and all borrowed amount should be repaid by 2 July 2015.

New Legend has been consolidated into the Group upon the approval from independent shareholders of the Company on 3 July 2014. Details of the arrangement with New Legend are set out in the circular dated 9 June 2014 issued by the Company and note 22 to the condensed consolidated financial statements.

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 of the Company are aware, no litigation or claims of material importance are pending or threatened by or against any companies of the Group.

## 21. RELATED PARTY TRANSACTIONS

Apart from transactions and amounts due from (to) related companies as set out in respective notes, the Group did not have other significant transactions with related companies during both interim periods.

## 22. EVENTS AFTER THE END OF THE REPORTING PERIOD

Further to the disclosures in prospectus of the Company dated 17 June 2013 and the Company's announcement dated 31 December 2013, the Company was planning to diversify its business and indirectly participate in the gaming promotion business through New Legend under a VIE structure (the "VIE Structure"). The Company obtained relevant approval of the VIE Structure by relevant regulatory authorities during the current interim period.

The Group further obtained the approval from independent shareholders of the Company at an extraordinary general meeting of the Company held on 3 July 2014. Since then the Group has obtained all required approvals, control over the gaming promotion business of New Legend and rights to consolidate the results of New Legend.

# DEFINITIONS

In this report, the following expressions shall, unless the content otherwise requires, have the following meanings:

“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, unrealised exchange gain/loss, share-based payments and one-off costs incurred or associated with corporate exercises including the Listing, and showing the expected adjustments for the contribution from New Legend
“ADR”	average daily room rate
“All Landmark”	All Landmark Properties Limited, a controlled corporation of Mr David Chow
“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
“Corporate Guarantors”	the Company and the Material Subsidiaries
“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 Inspeção 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
“Facility”	a five-year transferable term loan facility in the amount of HK\$4,221,000,000 provided by the Lenders to MFW Investment
“Facility Agreement”	the facility agreement dated 8 April 2014 and entered into among MFW Investment, the Corporate Guarantors, ICBC Macau and the other Lenders relating to the Facility
“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
“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
“Lenders”	the lenders of the Facility which are banks and financial institutions
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange with effect from 5 July 2013
“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
“Majority Lenders”	Lenders who have participated in 66⅔% or more of the total commitments, or if the Facility has been drawn, 66⅔% or more of the total outstanding under the Facility

## DEFINITIONS

“Material Subsidiaries”	New Macau Landmark and Hong Hock
“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 Transactions 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
“Mr Frederick Yip”	Mr Yip Wing Fat, Frederick, the sole shareholder and sole director of New Legend and the executive vice president, head of casino operations of the Company
“Ms Melinda Chan”	Ms Chan Mei Yi, Melinda, the spouse of Mr David Chow
“New Legend”	New Legend VIP Club Limited, a company incorporated in Macau by Mr Frederick Yip
“New Macau Landmark”	New Macau Landmark Management Limited, a company incorporated in Macau and a subsidiary of the Company
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 17 June 2013
“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”	The Stock Exchange of Hong Kong Limited
“Supplemental Prospectus”	the supplemental prospectus of the Company dated 26 June 2013
“VIE Agreements”	the exclusive management and consultancy services agreement, the exclusive undertaking to sell agreement, the transfer of profit and loan agreement, the share and equity pledge agreement and the power of attorney entered into among Hong Hock, New Legend and Mr Frederick Yip, where appropriate, further details of which are set out in the Company’s circular dated 9 June 2014
“VIE Structure”	the structure established through the entering into of the VIE Agreements, which enables the Group to indirectly participate in the gaming promotion business operations in Macau through New Legend
“%”	per cent