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

**Macau Legend Development Limited**

澳門勵駿創建有限公司\*

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

(Stock Code: 1680)

**DISCLOSEABLE TRANSACTION  
IN RELATION TO  
THE DEVELOPMENT OF THE INTEGRATED RESORT HOTEL  
AND CASINO COMPLEX  
IN CAPE VERDE**

Reference is made to the announcement of the Company dated 21 July 2015 in relation to the Company's potential investment project in Cape Verde.

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Chapter 14 of the Listing Rules.

**THE PROJECT**

The Board is pleased to announce that on 22 July 2015 (after trading hours):

- (1) the Establishment Convention was entered into between MLD CV Resorts Co and the Government of Cape Verde, in respect of the grant of the Gaming Concession to MLD CV Entertainment Co and the development of the Integrated Resort Hotel and Casino Complex at the Designated Site;
- (2) the Gaming Concession was granted by the Government of Cape Verde to MLD CV Entertainment Co (as the concessionaire), in respect of the operation of casino games of fortune and chance at the casino(s) to be built under the Project;

- (3) the Constitution of the Surface Right Agreement was entered into between the Municipal Council of Praia (as the lessor) and MLD CV Resorts Co (as the lessee), in respect of the lease of the Designated Beach to be used for the construction of part of the Integrated Resort Hotel and Casino Complex facilities; and
- (4) the Concession Agreement of Land and Sea was entered into between the Government of Cape Verde (as the lessor) and MLD CV Resorts Co (as the lessee), in respect of the lease of the Designated Land and Sea to be used for the construction of part of the Integrated Resort Hotel and Casino Complex facilities, including a land reclamation where the casino will be located.

Through the Project, the Group will be able to construct and develop the Integrated Resort Hotel and Casino Complex and hold the Gaming Concession during the term of the Agreements on Santiago Island, and will tap into the promising tourism market in Cape Verde.

Taking into account of (a) the development potential of the Integrated Resort Hotel and Casino Complex at the Designated Site with a lease which is granted for a term of 75 years, (b) the fact that the Gaming Concession is granted to the Group for Santiago Island for 25 years, of which the first 15 years will be an exclusive concession, and (c) the expected continued growth of the tourism market in Cape Verde, the Board considers that the strategy of diversifying the Group's business geographically and expanding into a new casino market will drive revenue growth in the long term.

The Board considers that the Project (including the terms of the Agreements and the transactions contemplated under them) are fair and reasonable, and that the entering into of the Agreements and the transactions contemplated under them are in the interests of the Company and the Shareholders as a whole. Further details are set out in the sections headed "Overview of Cape Verde, and its Tourism and Gaming Industries" and "Reasons for and Benefits of the Project" below.

#### **LISTING RULE IMPLICATIONS**

As the highest applicable percentage ratio in respect of the Agreements exceeds 5% but is less than 25%, the entering into of the Agreements constitutes a discloseable transaction of the Company under the Listing Rules.

Reference is made to the announcement of the Company dated 21 July 2015 in relation to the Company's potential investment project in Cape Verde.

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 22 July 2015 (after trading hours), the Agreements were entered into.

## **1. THE ESTABLISHMENT CONVENTION**

On 22 July 2015 (after trading hours), MLD CV Resorts Co entered into the Establishment Convention with the Government of Cape Verde, in respect of the grant of the Gaming Concession to MLD CV Entertainment Co and the development of the Integrated Resort Hotel and Casino Complex at the Designated Site.

### **1.1 Principal Terms of the Establishment Convention**

The principal terms of the Establishment Convention are as follows:

(a) *Date*

22 July 2015

(b) *Parties*

(i) the Government of Cape Verde

(ii) MLD CV Resorts Co

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Government of Cape Verde is an Independent Third Party.

(c) *Investment objective*

Pursuant to the Establishment Convention, MLD CV Resorts Co agreed to make an investment to:

(i) construct the Integrated Resort Hotel and Casino Complex at the Designated Site;

(ii) construct and operate hotel and tourism facilities, serviced apartments and villas at the Designated Site;

- (iii) construct and operate a marina and supporting infrastructure;
- (iv) construct and operate a multi-function convention centre; and
- (v) construct and operate a private parking lot.

The investment amount is expected to be approximately €250,000,000 (or approximately HK\$2,150,000,000) and is determined based on arm's length negotiations.

(d) *The Designated Site*

The Designated Site is located within the Santa Maria Islet and the nearby areas of Praia da Gamboa and Chã d'Areia, in Cidade da Praia on Santiago Island, Cape Verde. The Designated Site comprises the Designated Beach, and the Designated Land and Sea. Further details of the Designated Beach and the Designated Land and Sea are set out in the sections headed "The Constitution of the Surface Right Agreement" and "The Concession Agreement of Land and Sea" below.

(e) *Tax arrangements*

Pursuant to the Establishment Convention, the Group will enjoy tax benefits given by the Government of Cape Verde, including, among others, exemption of income tax and property tax for 10 years and deduction of 25% of gaming tax for VIP patrons in the casino to be built by the Group at the Designated Site for 5 years from the commencement of the operation of the Integrated Resort Hotel and Casino Complex.

(f) *Expected timetable for the Project*

Construction work is expected to commence within 12 months upon (i) receipt of all necessary approvals, construction permits and possession of land by MLD CV Resorts Co from the Government of Cape Verde, and (ii) the condition that no substantial modification has been made to the environmental study report submitted by the Group to the Government of Cape Verde in respect of the Project.

## **2. THE GAMING CONCESSION**

On 22 July 2015 (after trading hours), the Gaming Concession was granted by the Government of Cape Verde to MLD CV Entertainment Co (as the concessionaire), in respect of the operation of casino games of fortune and chance at the casino(s) to be built under the Project. In consideration of the granting of the Gaming

Concession, MLD CV Entertainment Co paid to the Government of Cape Verde a sum of 130,000,000 escudos (or approximately HK\$10,140,000) as a one-off premium.

## **2.1 Principal Terms of the Gaming Concession**

The principal terms of the Gaming Concession are as follows:

(a) *Date*

22 July 2015

(b) *Parties*

(i) the Government of Cape Verde

(ii) MLD CV Entertainment Co

(c) *Specific obligations*

MLD CV Entertainment Co shall:

(i) ensure adequate operation of casino gaming and online/virtual gaming;

(ii) employ in its management and operations persons suitable for those tasks and to assume those responsibilities;

(iii) operate casino gaming and online/virtual gaming in a fair, honest manner, free from criminal influence; and

(iv) safeguard and protect Cape Verde regarding tax collection.

(d) *Special licence for online gaming*

The Government of Cape Verde has granted a special licence to MLD CV Entertainment Co for an exclusive nationwide operation of online gaming, physical and online sports betting, for a period of 10 years from the commencement of operation of the online gaming business by the Group in Cape Verde.

(e) *Term*

The Gaming Concession will be for a term of 25 years from the first day of operations of the casino operated by the Group under the Project, of which the first 15 years will be an exclusive concession for MLD CV Entertainment Co to operate casino(s) on Santiago Island, Cape Verde.

The Government of Cape Verde has also granted a preferential right to MLD CV Entertainment Co to continue to hold the Gaming Concession on an exclusive basis for the operations of casinos or gaming areas on Santiago Island, Cape Verde after the first 15 years until the end of the term of the Gaming Concession.

(f) *Premium and contributions*

In consideration of the granting of the Gaming Concession, MLD CV Entertainment Co paid to the Government of Cape Verde a sum of 130,000,000 escudos (or approximately HK\$10,140,000) as a one-off premium. The one-off premium was determined based on arm's length negotiations.

MLD CV Entertainment Co also undertakes to pay to the Government of Cape Verde the following contributions:

- (i) up to 1% of its gaming net profits for the promotion, development and research of cultural and social activities of Cape Verde, which shall be made according to the plan below:
  - (1) 0.2% of its gaming net profits on the first year of the Gaming Concession;
  - (2) 0.4% of its gaming net profits on the second year of the Gaming Concession;
  - (3) 0.6% of its gaming net profits on the third year of the Gaming Concession;
  - (4) 0.8% of its gaming net profits on the fourth year of the Gaming Concession; and
  - (5) 1.0% of its gaming net profits from the fifth year of the Gaming Concession onwards; and
- (ii) an amount of €144,492 (or approximately HK\$1,242,631) per annum towards the operational expenses of the gaming bureau of Cape Verde, which is payable on a monthly basis on or before the 10th day of each month during the term of the Gaming Concession commencing in July 2017.

(g) *Gaming tax*

MLD CV Entertainment Co shall pay to the Government of Cape Verde gaming tax amounting to 10% of the gross gaming revenue in respect of the Project. The gaming tax will be payable on a monthly basis on or before the 10th day of each month during the term of the Gaming Concession. Under the Establishment Convention, the Group shall enjoy a deduction of 25% of gaming tax for VIP patrons in the casino to be built by the Group at the Designated Site for five years from the commencement of the operation of the Integrated Resort Hotel and Casino Complex.

(h) *Guarantee*

MLD CV Entertainment Co has agreed to provide a guarantee to the Government of Cape Verde, in the form of a bank guarantee or a deposit of an amount of €250,000 (or approximately HK\$2,150,000) in an escrow account of the gaming bureau of Cape Verde, to guarantee compliance with its legal or contractual obligations under the Gaming Concession.

(i) *Termination*

The Gaming Concession will be terminated:

- (i) upon the expiry of the term of the Gaming Concession; or
- (ii) by mutual agreement.

The Government of Cape Verde has the right to unilaterally terminate the Gaming Concession for cause upon the occurrence of, among others, the following events:

- (i) deviation from the purpose of the Gaming Concession, whether by operating unauthorised games or carrying out activities which are not in the scope of business of MLD CV Entertainment Co;
- (ii) abandoning the operation of the Gaming Concession, or non-justified suspension of the operation, for a period of more than 10 consecutive days or 14 days in a calendar year;
- (iii) failure to pay taxes, premium, contributions or other remunerations set out in the concessions law of Cape Verde; or
- (iv) bankruptcy or insolvency of MLD CV Entertainment Co.

### **3. THE CONSTITUTION OF THE SURFACE RIGHT AGREEMENT**

On 22 July 2015 (after trading hours), MLD CV Resorts Co (as the lessee) entered into the Constitution of the Surface Right Agreement with the Municipal Council of Praia (as the lessor), in respect of the lease of the Designated Beach to be used for the construction of part of the Integrated Resort Hotel and Casino Complex facilities.

#### **3.1 Principal Terms of the Constitution of the Surface Right Agreement**

The principal terms of the Constitution of the Surface Right Agreement are as follows:

(a) *Date*

22 July 2015

(b) *Parties*

(i) the Municipal Council of Praia

(ii) MLD CV Resorts Co

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Municipal Council of Praia is an Independent Third Party.

(c) *Specific use and development of the Designated Beach*

MLD CV Resorts Co will construct the Integrated Resort Hotel and Casino Complex comprising, among others, an office building, serviced apartments, residential villas, a clubhouse, roads and green areas on the Designated Beach.

(d) *Lease term*

The lease is exclusive to MLD CV Resorts Co for an initial term of 75 years from the date of the Constitution of the Surface Right Agreement with a right to be extended for a period to be agreed between the parties to the Constitution of the Surface Right Agreement.

(e) *Annual rent for the Designated Beach*

The Designated Beach has a size of 33,500 sq.m.



MLD CV Resorts Co shall pay to the Municipal Council of Praia an annual rent of 2,680,000 escudos (or approximately HK\$209,040), subject to review every 10 years according to the inflation rate for the preceding 5 years registered at the National Statistics Institute of Cape Verde.

(f) *Commencement of construction*

MLD CV Resorts Co will commence construction work of the Integrated Resort Hotel and Casino Complex within 12 months upon (i) receipt of all necessary approvals and licences, and the completion of transfer of possession of the Designated Beach from the Municipal Council of Praia to MLD CV Resorts Co, and (ii) the condition that no substantial modification has been made to the environmental study report submitted by the Group to the Government of Cape Verde in respect of the Project.

(g) *Termination*

The Constitution of the Surface Right Agreement will be terminated upon the expiry of the term of the Constitution of the Surface Right Agreement or by mutual agreement. Upon termination of the Constitution of the Surface Right Agreement, the Municipal Council of Praia may take possession of all remaining constructions and improvements performed by MLD CV Resorts Co under the terms of the Constitution of the Surface Right Agreement which were not sold to third parties during the term of the Constitution of the Surface Right Agreement.

#### **4. THE CONCESSION AGREEMENT OF LAND AND SEA**

On 22 July 2015 (after trading hours), MLD CV Resorts Co (as the lessee) entered into the Concession Agreement of Land and Sea with the Government of Cape Verde (as the lessor), in respect of the lease of the Designated Land and Sea to be used for the construction of part of the Integrated Resort Hotel and Casino Complex facilities, including a land reclamation where the casino will be located.

##### **4.1 Principal Terms of the Concession Agreement of Land and Sea**

The principal terms of the Concession Agreement of Land and Sea are as follows:

(a) *Date*

22 July 2015

(b) *Parties*

- (i) the Government of Cape Verde
- (ii) MLD CV Resorts Co

(c) *Specific use and development of the Designated Land and Sea*

MLD CV Resorts Co will construct (i) a touristic resort comprising a hotel and a casino, and (ii) a marina and its supporting and operational service facilities on the Designated Land and Sea.

(d) *Lease term*

The lease is exclusive to MLD CV Resorts Co for an initial term of 75 years from the date of the Concession Agreement of Land and Sea with a right to renew such lease period for successive 30-year periods.

(e) *Annual rent for the Designated Land and Sea*

The aggregate area of the Designated Land and Sea is approximately 119,200 sq.m., comprising wet area of approximately 64,600 sq.m. and dry area of approximately 54,600 sq.m.

MLD CV Resorts Co shall pay to the Government of Cape Verde an annual rent of:

- (i) €0.1 for each sq.m. for the use of the 54,600 sq.m. of dry area, amounting to €5,460 (or approximately HK\$46,956);
- (ii) €0.4 for each sq.m. for the use of the 64,600 sq.m. of wet area, amounting to €25,840 (or approximately HK\$222,224); and
- (iii) 5% of the annual gross revenue of the exploitation of the marina and the connected services provided by the Group pursuant to the Concession Agreement of Land and Sea,

subject to review on an annual basis according to the inflation rate registered at the National Statistics Institute of Cape Verde. The rent payable by MLD CV Resorts Co is determined based on arm's length negotiations and shall be paid in two equal instalments, in June and December every year.

## **5. OVERVIEW OF CAPE VERDE, AND ITS TOURISM AND GAMING INDUSTRIES**

Cape Verde is made up of a group of islands located in the Atlantic Ocean off the west coast of Africa. According to the census conducted by the National Statistics Institute of Cape Verde in 2010, Cape Verde had a total population of approximately 500,000, with approximately 147,000 people residing in Praia as at June 2013.

Originally colonised by Portuguese explorers, Cape Verde gained its independence from Portugal in 1975 and is now a democratic nation. Due to the Portuguese colonisation before 1975, Cape Verde adopts a legal system which is similar to the Portuguese civil law system. Cape Verde is a lower-middle-income country, having graduated from the United Nations list of Least Developed Countries in 2008. It also enjoys a reputation of political stability due to its homogeneous makeup which is less susceptible of any conflicts arising from ethnicity or religious beliefs.

Cape Verde has a sound and healthy banking sector. There are local banks and branches of foreign banks operating in Cape Verde. Since the late 1990s, Cape Verdean escudos has been pegged to the Euro, which gives economic stability to the country.

Tourism has generally grown steadily in Cape Verde (other than in 2014 during the Ebola outbreak), and according to the World Tourism Organisation, the number of tourists arriving in Cape Verde was approximately 428,000, 482,000 and 503,000 in 2011, 2012 and 2013, respectively. Tourism declined for the first time in 2014 as the Ebola outbreak on the West African mainland deterred tourists from visiting. However, the International Monetary Fund expects a rebound in tourism in 2015.

Cape Verde has been developing its gambling and casino industry, with three gambling zones officially created in 2012 and distributed on the islands of São Vicente, Santiago and Sal. In 2013, a further two gambling zones were announced on the islands of Boa Vista and Maio. In April 2013, a gaming concession has been granted by the Government of Cape Verde to a global hotel group, for casinos to be operated on the island of Sal, Cape Verde.

## **6. REASONS FOR AND BENEFITS OF THE PROJECT**

As discussed in the section headed “Overview of Cape Verde, and its Tourism and Gaming Industries”, the Company has noted the increase in tourism in Cape Verde, and the business opportunities arising from operating the Integrated Resort Hotel and Casino Complex in the municipality of Praia, the largest and capital city of Cape Verde and the potential for a further increase in the number of tourists from the different parts of the world.

Through the Project, the Group will be able to construct and develop the Integrated Resort Hotel and Casino Complex and hold the Gaming Concession during the term of the Agreements on Santiago Island, and will tap into the promising tourism market in Cape Verde.

Taking into account of (a) the development potential of the Integrated Resort Hotel and Casino Complex at the Designated Site with a lease which is granted for a term of 75 years, (b) the fact that the Gaming Concession is granted to the Group for Santiago Island for 25 years, of which the first 15 years will be an exclusive concession, and (c) the expected continued growth of the tourism market in Cape Verde, the Board considers that the strategy of diversifying the Group’s business geographically and expanding into a new casino market will drive revenue growth in the long term.

The Group intends to fund the consideration for the development of the Project by internal resources, bank financing and/or external debt/equity financing, or a combination of any of these sources of funding.

The Board considers that the Project (including the terms of the Agreements and the transactions contemplated under them) are fair and reasonable, and that the entering into of the Agreements and the transactions contemplated under them are in the interests of the Company and the Shareholders as a whole.

## **7. INFORMATION OF THE GROUP**

The Company is one of the leading owners of entertainment and casino gaming facilities in Macau. It is principally engaged in (i) the provision of gaming services to Sociedade de Jogos de Macau, S.A. through its subsidiary in two casinos in its properties, namely Pharaoh’s Palace Casino and Babylon Casino, and (ii) the operation of the hotels, entertainment and leisure facilities within the Group’s properties.

## 8. LISTING RULE IMPLICATIONS

As the highest applicable percentage ratio in respect of the Agreements exceeds 5% but is less than 25%, the entering into of the Agreements constitutes a discloseable transaction of the Company under the Listing Rules.

**The Company confirms that, based on Cape Verdean legal advice obtained by the Company, the gambling activities contemplated by the Agreements are lawful in Cape Verde. The Company has also been advised that the gambling activities to be conducted wholly in Cape Verde do not contravene the Gambling Ordinance (Cap. 148 of the Laws of Hong Kong). Shareholders and potential investors should note that, pursuant to Guidance Letter HKEx-GL71-14 issued by the Stock Exchange, the Stock Exchange may direct the Company to take remedial actions and/or may suspend dealings in, or may cancel the listing of, the Company's securities pursuant to Rule 6.01 of the Listing Rules if the operation of the proposed gambling activities fails to comply with applicable laws in Cape Verde and/or contravenes the Gambling Ordinance (Cap. 148 of the Laws of Hong Kong).**

## 9. DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context otherwise requires:

“Agreements”	the Establishment Convention, the Concession Agreement of Land and Sea, the Constitution of the Surface Right Agreement and the Gaming Concession
“Board”	the board of Directors
“Cape Verde”	the Republic of Cabo Verde
“Company”	Macau Legend Development Limited, a limited liability company incorporated in the Cayman Islands, the Shares of which are listed on the main board of the Stock Exchange
“Concession Agreement of Land and Sea”	the concession agreement of land (Santa Maria Islet) and sea dated 22 July 2015 entered into between the Government of Cape Verde and MLD CV Resorts Co

“Constitution of the Surface Right Agreement”	the constitution of the surface right agreement dated 22 July 2015 entered into between the Municipal Council of Praia and MLD CV Resorts Co
“Designated Beach”	a beach area of approximately 33,500 sq.m. in Praia da Gamboa, Cidade da Praia, Santiago Island, Cape Verde
“Designated Land and Sea”	the dry area of approximately 54,600 sq.m. and the wet area of approximately 64,600 sq.m. in Baia da Praia da Gamboa Municipality of Praia, Santiago Island, Cape Verde
“Designated Site”	the Santa Maria Islet and the nearby areas of Praia da Gamboa and Chã d’Areia, in Cidade da Praia on Santiago Island, Cape Verde, comprising the Designated Beach and the Designated Land and Sea
“Director(s)”	the director(s) of the Company
“escudos”	Cape Verde escudos, the lawful currency of Cape Verde
“Establishment Convention”	the establishment convention dated 22 July 2015 entered into between the Government of Cape Verde and MLD CV Resorts Co
“Gaming Concession”	the gaming concession dated 22 July 2015 granted by the Government of Cape Verde to MLD CV Entertainment Co
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party/ Parties”	a person or persons which is or are independent of, and not connected with, any directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associate(s) (as defined under the Listing Rules)

“Integrated Resort Hotel and Casino Complex”	the integrated resort hotel and casino complex comprising, among others, a hotel, a casino, an office building, serviced apartments, residential villas, a clubhouse, a marina, roads and green areas located at Praia da Gamboa, Cidade da Praia, Santiago Island, Cape Verde
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MLD CV Entertainment Co”	MLD Cabo Verde Entretenimento, S.A., a limited liability company incorporated in Cape Verde and an indirect wholly-owned subsidiary of the Company
“MLD CV Resorts Co”	MLD Cabo Verde Resorts, S.A., a limited liability company incorporated in Cape Verde and an indirect wholly-owned subsidiary of the Company
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“Project”	the construction of the Integrated Resort Hotel and Casino Complex at the Designated Site and the obtaining of the Gaming Concession from the Government of Cape Verde for Santiago Island pursuant to the Agreements
“Shareholders”	the shareholders of the Company
“Shares”	the shares of the Company
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

“%” percent

*For the purpose of this announcement, the exchange rates of €1.00 = HK\$8.6 and 100 escudos = HK\$7.8 have been used, where applicable, for the purposes of illustration only and do not constitute a representation that any amount has been, could have been or may be exchanged at such rates or any other rates or at all on the date or dates in question or any other date.*

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

Hong Kong, 22 July 2015

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

\* *For identification purposes only*