

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



2016 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
Mr Chow Wan Hok, Donald
(appointed on 1 September 2016)

Non-executive Director

Mr Tong Ka Wing, Carl *(Co-chairman)*
Ms Ho Chiulin, Laurinda
(appointed on 1 September 2016)

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
Ms Ho Chiulin, Laurinda
(appointed on 1 September 2016)
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 Wong Man Cheung
(appointed on 19 September 2016)

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

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

Norton Rose Fulbright Hong Kong

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Macau) Limited
Banco Nacional Ultramarino, S.A.
Luso International Banking Limited
The Bank of East Asia, Limited — Macau Branch
Wing Lung Bank, Limited — Macau Branch
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

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WEBSITE

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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 currently has two major properties in Macau, 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, which was opened on 2 February 2015, 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\$2,056.5 million from the global offering.

In January 2014, the Company completed a top-up placement of 188,000,000 new Shares, representing approximately 2.92% of the then 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.

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 3 July 2014, the Group obtained the approval from independent shareholders of the Company at an extraordinary general meeting of the Company for the establishment of the VIE Structure. The VIE Structure allows 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.

On 28 October 2014, the Group was advised by the DICJ that 35 additional gaming tables were granted to the Company. The additional gaming tables will increase the gaming capacity of the Group and support the current development of MFW.

Harbourview Hotel, the first new hotel under the MFW Redevelopment, opened on 2 February 2015. With design based on the 18th century Prague architectural style, Harbourview Hotel contributes an additional 389 rooms and 55 suites to the tourism market of the Macau Peninsula. The hotel is connected via footbridges to the adjacent Babylon Casino.

On 22 July 2015, the Company entered into agreements with the Government of Cape Verde for Project Cape Verde, with an investment amount of approximately €250.0 million (equivalent to approximately HK\$2,150.0 million). The lease of the designated land for Project Cape Verde is 75 years. The Group has been granted a 25 years gaming concession on Santiago Island (of which the first 15 years is on an exclusive basis). In addition, the Group has been granted an exclusive nationwide operation of online gaming, physical and online sports betting for a period of 10 years from the commencement of the operation of the online gaming business by the Group in Cape Verde. On 8 February 2016, the Company held a groundbreaking ceremony for Project Cape Verde on site with the honorary attendance of the Prime Minister of Cape Verde and over 300 representatives and guests from Macau, China and Cape Verde. President of Cape Verde also met the senior management team of the Company in Cape Verde and reaffirmed the country's support to develop Project Cape Verde into an integrated leisure, tourism and entertainment complex.

On 23 March 2016, the Company entered into a letter of intent with a connected person (as defined under the Listing Rules) of the Company, pursuant to which, subject to the entering into of a definitive investment agreement within 6 months from the date of the signing of the letter of intent or any later period to be agreed by the parties concerned in writing, the Group will dispose of The Landmark Macau to a company invested by the connected person at a consideration to be agreed between the parties with reference to the valuation report to be issued by an independent professional valuer to be appointed by the Company with valuation date of three months or less before the date of the definitive investment agreement. In addition, according to the letter of intent, the Group, on terms and conditions acceptable to the parties, may provide management services for The Landmark Macau. Other than the provisions relating to exclusivity, confidentiality, expenses and governing law, the letter of intent is not legally binding in respect of the proposed disposal. Further details of the proposed disposal are set out in the Company's announcement dated 23 March 2016.



CORPORATE PROFILE

On 13 May 2016, the Company entered into the project development agreement (the “PDA”) with the Government of the Lao PDR, pursuant to which, subject to its terms and conditions and among other things, the Government of the Lao PDR agreed to (i) procure the existing operator (which is a company wholly-owned by the Ministry of Finance of the Lao PDR) to sell, and the Company agreed to purchase, the Savan Vegas Hotel and Entertainment Complex (“Savan Vegas”) at the consideration of US\$42.0 million (equivalent to approximately HK\$325.9 million), and (ii) approve the issuance to the Company’s project company of a concession certificate upon closing authorising the Company’s project company to engage in concession activities including gaming activities and hotel and hospitality services during the term of the PDA. The PDA shall have an initial term of 50 years and may be extended for an additional period not exceeding 49 years subject to the applicable laws of the Lao PDR and fulfillment of obligations of the Company’s project company during the initial term. Savan Vegas is a full-service casino, hotel and resort located in Nongdeune Village, Kaisonphomvihanh District, Savannakhet Province of the Lao PDR. In addition to Savan Vegas, the Company is interested in developing an integrated resort at an area in the Savan Seno Special Economic Zone of Savannakhet Province of the Lao PDR. The Government of the Lao PDR and the Company are in preliminary discussions on the potential development of this site. Further details of the investment project in the Lao PDR are set out in the Company’s announcement dated 13 May 2016.

On 7 July 2016, the Company entered into the memorandum of understanding with the Setúbal Municipality for the proposed development at the riverfront area at Setúbal in Portugal. The Company also entered into the heads of agreement with independent third parties in relation to (i) the formation of a joint venture company, and (ii) the transfer of the Tróia Casino and its gaming concession pursuant to which, subject to its terms and conditions and among other things, one of the independent third parties and the Company will form the joint venture company and shall transfer to the joint venture company the Tróia Casino and its gaming concession at the value of €40.0 million (equivalent to approximately HK\$343.6 million) or inject cash in the same amount to the joint venture company. Further details of the memorandum of understanding are set out in the Company’s announcement dated 7 July 2016.



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF INTERIM RESULTS

For the six months ended 30 June 2016, the Group achieved a total reported revenue of approximately HK\$666.0 million, representing a decrease of approximately HK\$32.2 million or approximately 4.6% over that of the last corresponding period of approximately HK\$698.2 million. A breakdown of the Group's reported revenue for the six months ended 30 June 2016 and 2015 is as follows:

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Gaming services:		
– Pharaoh's Palace Casino		
– Mass market tables	265,408	309,307
– VIP tables		
– Self-run (New Legend)	51,904	49,531
– Outsourced	10,549	22,824
– Slot machines	4,200	4,200
	332,061	385,862
– Babylon Casino		
– Mass market tables	60,827	51,394
– VIP tables		
– Self-run (New Legend)	26,254	12,647
– Slot machines	305	29
	87,386	64,070
Sub-total for gaming services	419,447	449,932
Non-gaming operations:		
– The Landmark Macau	97,590	115,958
– MFW	148,985	132,339
Sub-total for non-gaming operations	246,575	248,297
Total reported revenue	666,022	698,229

For the six months ended 30 June 2016, gaming revenue and non-gaming revenue of the Group decreased by approximately 6.8% to approximately HK\$419.4 million and approximately 0.7% to approximately HK\$246.6 million, respectively, when compared to the last corresponding period. The decrease in gaming revenue was primarily due to the decrease in reported revenue from mass market tables of approximately HK\$34.5 million and outsourced VIP tables of approximately HK\$12.3 million, which was offset by the increase in reported revenue contributed by New Legend, a self-run VIP operation of the Group, for the six months ended 30 June 2016 of approximately HK\$16.0 million when compared to the last corresponding period.

The decrease in non-gaming revenue was primarily due to the decrease in revenue from The Landmark Macau of approximately HK\$18.4 million which in turn was mainly due to the decreases in income from hotel rooms and building management services of the hotel. The decrease in non-gaming revenue of the Group was offset by the revenue of Harbourview Hotel at MFW, which has commenced its operation since 2 February 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Adjusted EBITDA for the six months ended 30 June 2016 was approximately HK\$46.6 million, representing a decrease of approximately HK\$81.8 million or approximately 63.7% over that of the last corresponding period of approximately HK\$128.4 million. The following table reconciles the Adjusted EBITDA to the profit (loss) attributable to owners of the Company.

	Six months ended 30 June					
	2016			2015		
	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	(48,972)	(126,317)	(175,289)	81,068	(149,509)	(68,441)
Adjustments for:						
Finance costs	—	22,643	22,643	—	42,795	42,795
Depreciation of investment properties	1,920	4,016	5,936	1,920	3,713	5,633
Depreciation of property and equipment	53,188	73,370	126,558	50,913	61,586	112,499
Release of prepaid lease payments	5,867	21,154	27,021	5,867	20,690	26,557
Amortisation of other intangible assets	16,584	—	16,584	17,698	—	17,698
Loss on disposal of property and equipment	34	9	43	7	9	16
Share-based payments	—	—	—	6,359	—	6,359
Exchange loss (gain) arising from non-operating activities (remark i)	(142)	(71)	(213)	1,143	4,460	5,603
Pre-opening expenses (remark ii)	40,519	2,175	42,694	30,627	6,424	37,051
Interest income	(6,188)	(10,659)	(16,847)	(21,767)	(33,102)	(54,869)
Tax charge (credit)	825	(3,315)	(2,490)	825	(3,315)	(2,490)
Adjusted EBITDA	63,635	(16,995)	46,640	174,660	(46,249)	128,411

Remarks:

- (i) Included in the exchange loss (gain) arising from non-operating activities of the Group for the six months ended 30 June 2015 is unrealised exchange loss arising from retranslation of RMB deposits into HK\$ of HK\$5.6 million.
- (ii) Pre-opening expenses represent mainly staff related costs, marketing and other administrative expenses incurred prior to the opening of new or expanded operations of the Group for the relevant periods.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	2016			2015		
	The Group excluding MFW Group	MFW Group	Consolidated	The Group excluding MFW Group	MFW Group	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gaming services	106,428	(4,914)	101,514	208,130	(25,580)	182,550
Non-gaming operations	(13,654)	(12,081)	(25,735)	(11,496)	(20,669)	(32,165)
Sub-total	92,774	(16,995)	75,779	196,634	(46,249)	150,385
Unallocated corporate expenses	(29,139)	—	(29,139)	(21,974)	—	(21,974)
Adjusted EBITDA	63,635	(16,995)	46,640	174,660	(46,249)	128,411

Adjusted EBITDA from the Group excluding the MFW Group and unallocated corporate expenses, mainly arising from the operations at The Landmark Macau, for the six months ended 30 June 2016 decreased by approximately 52.8% to approximately HK\$92.8 million when compared to the last corresponding period. The shortfall was mainly due to the decrease in Adjusted EBITDA of gaming services at Pharaoh's Palace Casino of approximately HK\$101.7 million or approximately 48.9% when compared to the last corresponding period. For the six months ended 30 June 2016, MFW Group operated at a loss of approximately HK\$17.0 million, representing a decrease in loss of approximately HK\$29.3 million or approximately 63.3% when compared to the last corresponding period.

The Group's loss for the six months ended 30 June 2016 was approximately HK\$175.3 million, representing an increase of approximately HK\$106.8 million when compared to the last corresponding period. The increase in loss for the six months ended 30 June 2016 was mainly due to (i) declining revenue from mass market tables and outsourced VIP tables due to a decrease in overall gross gaming revenue generated from these gaming tables in the casinos within the Group's properties, and (ii) a decrease in interest income arising from fixed deposits.

Interim Dividend

The Board has resolved not to pay an interim dividend for the six months ended 30 June 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2016 and 2015, the Group had the following number of gaming tables and slot machines in its two casinos which were put into operation:

	At 30 June 2016			At 30 June 2015		
	Pharaoh's Palace Casino	Babylon Casino	Total	Pharaoh's Palace Casino	Babylon Casino	Total
Mass market tables	60	34	94	60	31	91
VIP tables	24	17	41	37	12	49
Total gaming tables	84	51	135	97	43	140
Slot machines	128	118	246	142	29	171

As at 30 June 2016, the Group had a total of 179 gaming tables (30 June 2015: 185), of which 135 (30 June 2015: 140) were put into operation.



MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2016, the Group recorded revenue from gaming services of approximately HK\$419.4 million, representing a decrease of approximately HK\$30.5 million or approximately 6.8% over that of the last corresponding period of approximately HK\$449.9 million. A breakdown of the Group's revenue from gaming services for the six months ended 30 June 2016 and 2015 is as follows:

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Mass market tables:		
– Pharaoh's Palace Casino	265,408	309,307
– Babylon Casino	60,827	51,394
	326,235	360,701
Self-run VIP tables:		
– Pharaoh's Palace Casino	51,904	49,531
– Babylon Casino	26,254	12,647
	78,158	62,178
Outsourced VIP tables:		
– Pharaoh's Palace Casino	10,549	22,824
	88,707	85,002
Slot machines:		
– Pharaoh's Palace Casino	4,200	4,200
– Babylon Casino	305	29
	4,505	4,229
Total revenue from gaming services	419,447	449,932



MANAGEMENT DISCUSSION AND ANALYSIS

The following tables set out certain key operational data of mass market tables, VIP tables and slot machines for the six months ended 30 June 2016 and 2015:

Mass Market Tables

	Pharaoh's Palace Casino Six months ended 30 June			Babylon Casino Six months ended 30 June		
	2016 HK'000	2015 HK'000	Change %	2016 HK'000	2015 HK'000	Change %
Games drop	2,165,068	2,382,057	(9.1)	688,464	709,722	(3.0)
Net win	482,561	562,376	(14.2)	110,594	93,443	18.4
Hold rate	22.29%	23.61%	(1.32)	16.06%	13.17%	2.89
Average number of tables	60	60	—	32	26	23.1
Net win per table per day	44	52	(15.4)	19	20	(5.0)

The Group's revenue from mass market tables for the six months ended 30 June 2016 was approximately HK\$326.2 million, representing a decrease of approximately HK\$34.5 million or approximately 9.6% over that of the last corresponding period of approximately HK\$360.7 million. Revenue from mass market tables at Pharaoh's Palace Casino decreased by approximately 14.2% to approximately HK\$265.4 million while revenue at Babylon Casino increased by approximately 18.4% to approximately HK\$60.8 million. For the six months ended 30 June 2016, net win per table per day of mass market tables at Pharaoh's Palace Casino and Babylon Casino decreased by approximately 15.4% to approximately HK\$44,000 and approximately 5.0% to approximately HK\$19,000 over that of the last corresponding period of approximately HK\$52,000 and HK\$20,000, respectively.

VIP Tables

	Pharaoh's Palace Casino Six months ended 30 June						Change %
	2016			2015			
	Outsourced HK'000	Self-run (New Legend) HK'000	Total HK'000	Outsourced HK'000	Self-run (New Legend) HK'000	Total HK'000	
Games turnover	10,685,000	4,641,879	15,326,879	32,662,234	2,769,542	35,431,776	(56.7)
Net win	259,716	124,498	384,214	1,113,661	87,384	1,201,045	(68.0)
Win percentage	2.43%	2.68%	2.51%	3.41%	3.16%	3.39%	(0.88)
Average number of tables	15	9	24	39	7	46	(47.8)
Net win per table per day	95	76	88	158	69	144	(38.9)

MANAGEMENT DISCUSSION AND ANALYSIS

Babylon Casino			
Six months ended 30 June			
	2016 Self-run (New Legend) HK'000	2015 Self-run (New Legend) HK'000	Change %
Games turnover	646,652	484,327	33.5
Net win	43,409	22,274	94.9
Win percentage	6.71%	4.60%	2.11
Average number of tables	15	9	66.7
Net win per table per day	16	14	14.3

The Group's revenue from VIP tables for the six months ended 30 June 2016 was approximately HK\$88.7 million, representing an increase of approximately HK\$3.7 million or approximately 4.4% over that of the last corresponding period of approximately HK\$85.0 million. During the six months ended 30 June 2016, approximately HK\$78.2 million contributed from New Legend through the VIE Structure, representing an increase of approximately HK\$16.0 million or approximately 25.7% over that of the last corresponding period of approximately HK\$62.2 million. Revenue from outsourced VIP tables decreased by approximately HK\$12.3 million or approximately 53.8% to approximately HK\$10.5 million. For the six months ended 30 June 2016, net win per table per day of VIP tables at Pharaoh's Palace Casino decreased by approximately 38.9% to approximately HK\$88,000 over that of the six months ended 30 June 2015 of approximately HK\$144,000. Net win per table per day of VIP tables at Babylon Casino increased by approximately 14.3% to approximately HK\$16,000 over that of the last corresponding period of approximately HK\$14,000.

Slot Machines

	Pharaoh's Palace Casino			Babylon Casino		
	Six months ended 30 June			Six months ended 30 June		
	2016 HK'000	2015 HK'000	Change %	2016 HK'000	2015 HK'000	Change %
Slot handle	407,103	409,330	(0.5)	19,559	948	1,963.2
Net win	11,616	14,035	(17.2)	743	69	976.8
Hold rate	2.85%	3.43%	(0.58)	3.80%	7.28%	(3.48)
Average number of slot machines	128	149	(14.1)	74	29	155.2
Net win per slot machine per day	0.5	0.5	—	0.1	0.01	900.0

The Group's revenue from slot machines at Pharaoh's Palace Casino and Babylon Casino for the six months ended 30 June 2016 increased by approximately HK\$0.3 million or approximately 6.5% to approximately HK\$4.5 million over that of the last corresponding period of approximately HK\$4.2 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Investment in Casino Management System

In July 2014, the Group entered into a purchase and licence 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. The first phase of the casino management system has been installed and put into operation in Babylon Casino since February 2015. 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 2016, the Group recorded a total non-gaming revenue of approximately HK\$246.6 million, decreased by approximately HK\$1.7 million or approximately 0.7% over that of the last corresponding period of approximately HK\$248.3 million. Out of the total non-gaming revenue, revenue from The Landmark Macau accounted for approximately HK\$97.6 million or approximately 39.6% of the total non-gaming revenue (six months ended 30 June 2015: approximately HK\$116.0 million or approximately 46.7%); and MFW accounted for approximately HK\$149.0 million or approximately 60.4% of the total non-gaming revenue (six months ended 30 June 2015: approximately HK\$132.3 million or approximately 53.3%). Improved contribution to the Group’s revenue by MFW Group was mainly due to the revenue contributed by Harbourview Hotel at MFW, which has commenced its operation since 2 February 2015.

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

	Six months ended 30 June					
	2016			2015		
	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	36,586	52,581	89,167	47,500	44,017	91,517
Licensing income from investment properties	25,303	36,863	62,166	26,719	33,838	60,557
Income from building management services	16,091	12,354	28,445	20,979	11,895	32,874
Food and beverage	17,502	38,821	56,323	18,516	31,541	50,057
Sales of merchandise	—	7,514	7,514	—	10,472	10,472
Others	2,108	852	2,960	2,244	576	2,820
Total revenue from non-gaming operations	97,590	148,985	246,575	115,958	132,339	248,297

MANAGEMENT DISCUSSION AND ANALYSIS

The shortfall in non-gaming revenue was primarily due to the decrease in revenue from The Landmark Macau of approximately HK\$18.4 million which in turn was mainly caused by the decrease in income from hotel rooms of approximately HK\$10.9 million or approximately 23.0% and income from building management services by approximately HK\$4.9 million or approximately 23.3%. Such shortfall in non-gaming revenue of The Landmark Macau was offset by revenue of Harbourview Hotel at MFW, which has commenced its operation since 2 February 2015. For the six months ended 30 June 2016, Harbourview Hotel contributed revenue of approximately HK\$62.9 million to the Group, increased by approximately HK\$19.2 million or approximately 43.8% over that of the last corresponding period of approximately HK\$43.7 million.

The following table sets out certain key operational data on hotel operations of the Group for the six months ended 30 June 2016 and 2015:

	Six months ended 30 June	
	2016	2015
The Landmark Macau		
Occupancy rate (%)	68.1	64.5
ADR (HK\$)	1,040.2	1,390.9
REVPAR (HK\$)	708.4	897.1
Rocks Hotel		
Occupancy rate (%)	70.6	78.0
ADR (HK\$)	1,019.3	1,161.1
REVPAR (HK\$)	719.6	905.6
Harbourview Hotel (opened on 2 February 2015)		
Occupancy rate (%)	69.7	57.2
ADR (HK\$)	809.4	975.4
REVPAR (HK\$)	564.2	557.9

The Landmark Macau

The occupancy rate of The Landmark Macau for the six months ended 30 June 2016 was approximately 68.1%, increased by approximately 3.6% over that of the last corresponding period of approximately 64.5%. For the six months ended 30 June 2016, ADR and REVPAR of The Landmark Macau decreased by approximately 25.2% and approximately 21.0%, respectively, when compared to those of the last corresponding period.

Macau Fisherman's Wharf

Rocks Hotel

The occupancy rate of Rocks Hotel for the six months ended 30 June 2016 was approximately 70.6%, decreased by approximately 7.4% over that of the last corresponding period of approximately 78.0%. For the six months ended 30 June 2016, ADR and REVPAR of Rocks Hotel decreased by approximately 12.2% and approximately 20.5%, respectively, when compared to those of the last corresponding period.

MANAGEMENT DISCUSSION AND ANALYSIS

Harbourview Hotel

Harbourview Hotel was opened on 2 February 2015. The occupancy rate of Harbourview Hotel for the six months ended 30 June 2016 was approximately 69.7%, increased by approximately 12.5% over that of the last corresponding period of approximately 57.2%. For the six months ended 30 June 2016, ADR and REVPAR of Harbourview Hotel decreased by approximately 17.0% and increased by approximately 1.1%, respectively, when compared to those of the last corresponding period.

C. Corporate and Business Updates

(a) MFW Redevelopment

Legend Palace Hotel

Legend Palace Hotel, the second new hotel under the MFW Redevelopment, is a five-star deluxe-themed hotel in the style of Central/Northern Asian medieval architecture with 223 opulent guest rooms including suites. The hotel will include a new in-house casino.

In July 2015, the construction licence of the superstructure of Legend Palace Hotel was issued by the relevant government authority, and the construction work of the superstructure has commenced with an expected construction completion in September 2016.

Legendale Hotel

Legendale Hotel, the third new hotel under the MFW Redevelopment, will be a flagship five-star deluxe rating hotel modelled after the Neo-Renaissance style of architecture from the mid-17th century Central European period with a planned 500 guest rooms including suites and a new in-house casino.

Design concepts of the hotel have been developed. We have applied to the relevant government authority in Macau for increasing the height of the hotel and are awaiting for its decision. Once the approval for the height application has been obtained, construction of the hotel will commence accordingly with a target construction completion by the end of 2018.



MANAGEMENT DISCUSSION AND ANALYSIS

Other redevelopment

In addition to the above progress of the two new hotels of the MFW Redevelopment, the Group has 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:

Buildings/Facilities	Brief Description	Progress	Target Completion Date
General entertainment and cultural facility	The dinosaur journey is an entertainment experience bringing the world of dinosaurs to the visitors	The facility is being designed to include fossil exhibits as well as the addition of intellectual, entertaining and interactive elements to provide an exciting visitor experience. Detailed design is significantly developed	2Q 2017
	A newly developed multi-purpose entertainment and performance theatre holding more than 1,000 seats	The design stage is currently revised to follow comments from the Macau government. Submission will be made in 2H 2016	2Q 2017
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 — completed in November 2014	
		Phase 2 — further pontoons and wave attenuator wall in design stage incorporating comments from the Macau government.	4Q 2016
		Approval of immigration facilities has been obtained from the Macau government with effect from 1 April 2016	
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	Construction for the canopy on Jackson Square completed in May 2016	
		For the canopy on Main Boulevard, design has been completed and approval for construction from the Macau government has been obtained. Construction commenced in February 2016	4Q 2016

MANAGEMENT DISCUSSION AND ANALYSIS

(b) Project Cape Verde

On 22 July 2015, the Company entered into agreements with the Government of Cape Verde for Project Cape Verde, with an investment amount of approximately €250.0 million (equivalent to approximately HK\$2,150.0 million). The lease of the designated land for Project Cape Verde is 75 years. The Group has been granted a 25 years gaming concession on Santiago Island (of which the first 15 years is on an exclusive basis). In addition, the Group has been granted 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. Further details of Project Cape Verde are set out in the Company's announcement dated 22 July 2015.

On 8 February 2016, the Company held a ground-breaking ceremony for Project Cape Verde on site.

(c) Proposed disposal of The Landmark Macau

On 23 March 2016, the Company entered into a letter of intent with a connected person (as defined under the Listing Rules) of the Company, pursuant to which, subject to the entering into of a definitive investment agreement within 6 months from the date of the signing of the letter of intent or any later period to be agreed by the parties concerned in writing, the Group will dispose of The Landmark Macau to a company invested by the connected person at a consideration to be agreed between the parties with reference to the valuation report to be issued by an independent professional valuer to be appointed by the Company with valuation date of three months or less before the date of the definitive investment agreement. In addition, according to the letter of intent, the Group, on terms and conditions acceptable to the parties, may provide management services for The Landmark Macau. Other than the provisions relating to exclusivity, confidentiality, expenses and governing law, the letter of intent is not legally binding in respect of the proposed disposal. Further details of the proposed disposal are set out in the Company's announcement dated 23 March 2016.

(d) Development project in the Lao PDR

On 13 May 2016, the Company entered into the PDA with the Government of the Lao PDR, pursuant to which, subject to its terms and conditions and among other things, the Government of the Lao PDR agreed to (i) procure the existing operator (which is a company wholly-owned by the Ministry of Finance of the Lao PDR) to sell, and the Company agreed to purchase, Savan Vegas at the consideration of US\$42.0 million (equivalent to approximately HK\$325.9 million), and (ii) approve the issuance to the Company's project company of a concession certificate upon closing authorising the Company's project company to engage in concession activities including gaming activities and hotel and hospitality services during the term of the PDA. The PDA shall have an initial term of 50 years and may be extended for an additional period of not exceeding 49 years subject to the applicable laws of the Lao PDR and fulfillment of obligations of the Company's project company during the initial term. Savan Vegas is a full-service casino, hotel and resort located in Nongdeune Village, Kaisonphomvihanh District, Savannakhet Province of the Lao PDR. In addition to Savan Vegas, the Company is interested in developing an integrated resort at an area in the Savan Seno Special Economic Zone of Savannakhet Province of the Lao PDR. The Government of the Lao PDR and the Company are in preliminary discussions on the potential development of this site. Further details of the investment project in the Lao PDR are set out in the Company's announcement dated 13 May 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

(e) **Memorandum of understanding with China Gezhouba Real Estate Corporation Ltd for strategic cooperation**

On 31 May 2016, the Company entered into a non-legally binding memorandum of understanding for strategic cooperation with China Gezhouba Real Estate Corporation Ltd (中國葛洲壩集團房地產開發有限公司) (“**China Gezhouba Real Estate**”), pursuant to which, the Company and China Gezhouba Real Estate agreed to be strategic partners in relation to the future cooperation in the investment and development of prospective integrated tourism projects that the Company is developing. China Gezhouba Real Estate is under the group of China Gezhouba Group Company Limited (中國葛洲壩集團股份有限公司).

(f) **Development project in Portugal**

On 7 July 2016, the Company entered into the memorandum of understanding with the Setúbal Municipality for the proposed development at the riverfront area at Setúbal in Portugal. The Company also entered into the heads of agreement with independent third parties in relation to (i) the formation of a joint venture company, and (ii) the transfer of the Tróia Casino and its gaming concession pursuant to which, subject to its terms and conditions and among other things, one of the independent third parties and the Company will form the joint venture company and shall transfer to the joint venture company the Tróia Casino and its gaming concession at the value of €40.0 million (equivalent to approximately HK\$343.6 million) or inject cash in the same amount to the joint venture company. Further details of the memorandum of understanding are set out in the Company’s announcement dated 7 July 2016.

OUTLOOK

During the period under review, visitor arrivals to Macau totaled 14.8 million, which is consistent with last corresponding period. Overnight visitors rose by 8.3% to 7.2 million which can be a positive indicator to our two new hotels on the Macau peninsula.

The Group remains optimistic in the long-term prospect of the Macau gaming market especially with the upcoming completion of Hong Kong-Zhuhai-Macau Bridge, the Zhuhai and Macau 24-hour check point, the expansion of Hengqin border gate capacity, and the further expansion of our Marina capacities. All these will complement the development of the MFW and will bring positive contributions.

At the same time, the Group is vigorously engaged in strategic overseas expansion, during this temporary lull in Macau developments. In May 2016, the Group has entered into a conditional US\$42.0 million project development agreement with the Government of the Lao PDR to purchase Savan Vegas Hotel and Entertainment Complex, a fully operational integrated resort entertainment complex which features gaming facilities with 92 tables and 493 slot machines; a contemporary hotel and convention centre with 472 guest rooms, restaurants, bars and other facilities. Savan Vegas Hotel and Entertainment Complex is located just on the border with Thailand and is also near to an international airport which can cater for visitors from Thailand, Vietnam and China as well as the visitors from Cambodia, Malaysia and Singapore. Savan Vegas Hotel and Entertainment Complex is already in operation, and we expect to utilise our experience and connections to build it into a regional entertainment hub in the Southeast Asia.

With the opening of Legend Palace Hotel, the Group is expanding its self-run VIP business to the second new hotel in MFW, and celebrates a first landmark phase of the revitalization of the whole area.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has also entered into a memorandum of understanding with the Setúbal Municipality in Portugal for the proposed development of an integrated leisure, tourism and entertainment project. The first phase of this project will include a hotel, a shopping area, a residential area, a marina, a parking lot, a new multi-sport pavilion and a gaming arcade with slot machines.

The Group will continue to focus on the Southeast Asian destinations where the “One Belt, One Road” policy from China is supporting new investment in tourism and tourism related infrastructure and also in Portuguese-speaking countries where there is a similar policy initiative.

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 2016, the consolidated net assets attributable to owners of the Company amounted to approximately HK\$6,847.8 million, representing a decrease of approximately HK\$245.3 million from approximately HK\$7,093.1 million as at 31 December 2015. The decrease in consolidated net assets during the six months ended 30 June 2016 was mainly due to the Group's loss for the period of approximately HK\$175.3 million and the reduction in capital of approximately HK\$70.0 million as a result of share repurchases for the period.

Bank balances and cash

As at 30 June 2016, bank balances and cash held by the Group amounted to approximately HK\$1,747.5 million (including pledged bank deposits of approximately HK\$21.1 million), which 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 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\$2,056.5 million. 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 global offering and the top-up placement which are not expected to be utilised in the near term, the Group placed these funds at banks in Hong Kong and Macau as fixed deposits.

In view of the recent volatility of the exchange rate of RMB, the Group resolved to convert its RMB deposits into HK\$, the functional currency of the Group, so as to minimise the Group's exposure to the RMB exchange rate risk. The Group had started to reduce its holding of RMB deposits since late 2014 and up to 31 December 2015, the Group converted all its RMB deposits into HK\$.

As at 30 June 2016, a total of approximately HK\$1,392.5 million was placed as fixed deposits at banks in Macau with maturities ranging from 1 week to 1 month which are mainly in HK\$, at an average annualised interest rate of approximately 0.83%.

MANAGEMENT DISCUSSION AND ANALYSIS

Borrowings

As at 30 June 2016, the Group had outstanding secured and unguaranteed bank borrowings of approximately HK\$3,785.1 million and unsecured, interest-free and unguaranteed other borrowings of approximately HK\$58.5 million.

In respect of the bank borrowings of approximately HK\$3,785.1 million, the maturity profile was spread over a period of less than 5 years with approximately HK\$781.7 million repayable within one year, approximately HK\$1,187.2 million repayable in the second year and approximately HK\$1,816.2 million repayable in the third to fifth years. The other borrowings of approximately HK\$58.5 million are repayable within one year.

The Group's bank borrowings carried interest at prevailing market rates and on floating rate basis. In addition, the bank borrowings and the other borrowings as at 30 June 2016 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 and other borrowings as at 30 June 2016.

USE OF PROCEEDS FROM THE GLOBAL OFFERING AND TOP-UP PLACEMENT

Trading of the Shares on the Stock Exchange commenced on 5 July 2013, and the Group raised net proceeds of approximately HK\$2,056.5 million 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 2016, the Group had applied approximately HK\$1,658.3 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 the 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.

On 16 January 2014, the Group completed a top-up placement of 188,000,000 new Shares to certain independent, institutional and other investors at HK\$7.25 per Share (with a net price of approximately HK\$7.19, and the closing price of HK\$7.86 per Share quoted on the Stock Exchange on 16 January 2014) and raised net proceeds of approximately HK\$1,350.8 million. The reasons for the top-up placement are to (i) increase the amount of Shares held by public investors which may in turn enhance the trading liquidity of the Shares; (ii) introduce new investors to the Company and hence further optimise and diversify the shareholder base of the Company; and (iii) help to raise new proceeds for the finance of the MFW Redevelopment and as the Group's general working capital. The Group intends to apply such net proceeds for financing the MFW Redevelopment and as the Group's general working capital. Up to 30 June 2016, the Group had applied all the net proceeds for financing the MFW Redevelopment.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGE ON THE GROUP'S ASSETS

As at 30 June 2016, 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\$364.2 million, buildings with a total carrying amount of approximately HK\$2,352.8 million, prepaid lease payments with a total carrying amount of approximately HK\$1,791.7 million, trade receivables of approximately HK\$93.7 million and bank deposits of approximately HK\$21.1 million.

GEARING

The Group's gearing ratio (expressed as a percentage of total borrowings over total equity as at the end of the reporting period) was approximately 56.1% as at 30 June 2016 (31 December 2015: approximately 57.1%). Total borrowings of the Group as at 30 June 2016 decreased by approximately HK\$203.5 million when compared to that as at 31 December 2015 as a result of net repayment of borrowings during the six months ended 30 June 2016. On the other hand, total equity of the Group as at 30 June 2016 decreased by approximately HK\$245.3 million when compared to that as at 31 December 2015 which was mainly due to reduction of capital of approximately HK\$70.0 million as a result of the share repurchases for the six months ended 30 June 2016 and net loss for the six months ended 30 June 2016 of approximately HK\$175.3 million. Overall, it resulted in the decrease of the Group's gearing ratio by 1.0% to 56.1% as at 30 June 2016.

HEDGING, ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

Save as disclosed in this report, during the six months ended 30 June 2016, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

Details of capital commitments of the Group as at 30 June 2016 are set out in note 18 to the condensed consolidated financial statements of the Group for the six months ended 30 June 2016.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 30 June 2016 are set out in note 19 to the condensed consolidated financial statements of the Group for the six months ended 30 June 2016.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2016, the Group had a total of approximately 3,160 employees, including approximately 1,310 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, pension funds and sponsorship for external education and training programmes are offered to eligible employees.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2016, the interests and short position of the Directors and chief executives of the Company in the Shares and underlying Shares, 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	1,508,418,046	23.93%
	Controlled corporation	401,653,780 ⁽¹⁾	6.37%
	Interest of spouse	129,690,066 ⁽²⁾	2.06%
		2,039,761,892	32.36%
Madam Lam	Controlled corporation	812,704,500 ⁽³⁾	12.90%
Mr Sheldon Trainor-DeGirolamo	Beneficial owner	15,887,159	0.25%
	Controlled corporation	70,631,345 ⁽⁴⁾	1.12%
		86,518,504	1.37%
Mr Tong Ka Wing, Carl	Beneficial owner	8,120,579	0.13%

Notes:

1. These Shares were held by All Landmark.
 2. Mr David Chow was deemed to be interested in 129,690,066 Shares through the interest of his spouse, Ms Melinda Chan.
 3. These Shares were held by Grand Bright.
 4. These Shares were held by PacBridge Capital Partners (HK) Limited, a controlled corporation of Mr Sheldon Trainor-DeGirolamo.
- * The percentage represents the number of Shares interested divided by the number of the issued Shares as at 30 June 2016.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(2) Long Position in Underlying Shares of the Company

Share options — physically settled unlisted equity derivatives

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

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

* The percentage represents the number of underlying Shares interested divided by the number of the issued Shares as at 30 June 2016.

(3) Short Position in Shares of the Company

Name of Directors	Capacity	Number of Shares	*Approximate percentage of total issued Shares
Mr David Chow	Beneficial owner	1,458,631,654	23.14%
	Controlled corporation	319,696,000 ⁽¹⁾	5.08%
		1,778,327,654	28.22%
Madam Lam	Controlled corporation	700,000,000 ⁽²⁾	11.11%

Notes:

- The short position in the Shares was held by All Landmark.
- The short position in the Share was held by Grand Bright.

* The percentage represents the number of Shares involved in the short position divided by the number of the issued Shares as at 30 June 2016.

Save as disclosed above, none of the Directors or chief executive of the Company, as at 30 June 2016, 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 2016:

Name of participant	Date of grant	As at 1 January 2016	Granted during the period	Exercised/ forfeited/ expired during the period	As at 30 June 2016	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, executives 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 2016, so far as the Directors are aware, the following parties (other than the Directors and chief executives of the Company) had interests or short position 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	401,653,780 ⁽¹⁾	6.37%
Ms Melinda Chan	Beneficial owner	129,690,066	2.06%
	Interests of spouse	1,910,071,826 ⁽²⁾	30.30%
		2,039,761,892	32.36%
Grand Bright	Beneficial owner	812,704,500 ⁽³⁾	12.90%
Elite Success	Beneficial owner	710,925,750	11.28%
Mr Li Chi Keung	Beneficial owner	72,739,429	1.15%
	Controlled corporation	710,925,750 ⁽⁴⁾	11.28%
		783,665,179	12.43%
Ms Wong Hoi Ping	Controlled corporation	710,925,750 ⁽⁴⁾	11.28%
	Interests of spouse	72,739,429 ⁽⁵⁾	1.15%
		783,665,179	12.43%
Ms Chan Un Chan	Beneficial owner	77,664,000	1.23%
	Founder of discretionary trust	934,269,609 ⁽⁶⁾	14.82%
	Controlled corporation	2,835,000 ⁽⁷⁾	0.05%
		1,014,768,609	16.10%
Earth Group Ventures Ltd.	Beneficial owner	934,269,609 ⁽⁶⁾	14.82%
UBS TC (Jersey) Ltd.	Trustee/controlled corporation	934,269,609 ⁽⁶⁾	14.82%

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 Position in Shares and Underlying Shares of the Company".
2. Ms Melinda Chan was deemed to be interested in 1,910,071,826 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 Position in Shares and Underlying Shares of the Company".
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. Ms Wong Hoi Ping was deemed to be interested in 72,739,429 Shares through the interest of her spouse, Mr Li Chi Keung.
6. 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.
7. These Shares were held by UNIR (HK) Management Limited, a controlled corporation of Ms Chan Un Chan.

* The percentage represents the number of Shares interested divided by the number of the issued Shares as at 30 June 2016.

(2) Long Position in Underlying Shares of the Company

Share options — physically settled unlisted equity derivatives

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

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

* The percentage represents the number of underlying Shares interested divided by the number of the issued Shares as at 30 June 2016.

(3) Short Position in Shares of the Company

Name of substantial shareholders	Capacity	Number of Shares	*Approximate percentage of total issued Shares
Ms Melinda Chan	Interests of spouse	1,778,327,654 ⁽¹⁾	28.22%
All Landmark	Beneficial owner	319,696,000 ⁽²⁾	5.08%
Grand Bright	Beneficial owner	700,000,000 ⁽³⁾	11.11%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. Ms Melinda Chan was deemed to have a short position in 1,778,327,654 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 Position in Shares and Underlying Shares of the Company".
2. The short position of All Landmark was disclosed as the short position of Mr David Chow in the above section headed "Directors' and Chief Executives' Interests and Short Position in Shares and Underlying Shares of the Company".
3. The short position of Grand Bright was disclosed as the short position of Madam Lam in the above section headed "Directors' and Chief Executives' Interests and Short Position in Shares and Underlying Shares of the Company".
- * The percentage represents the number of Shares involved in the short position divided by the number of the issued Shares as at 30 June 2016.

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 2016, 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2016, the Company repurchased a total of 69,444,000 Shares on the Stock Exchange at an aggregate consideration of approximately HK\$70.0 million (including transaction costs). Details of the repurchases are as follows:

Month of repurchase	Number of Shares repurchased	Price per Share		Aggregate consideration paid (including transaction costs) HK\$ (in million)
		Highest	Lowest	
		HK\$	HK\$	
January 2016	54,615,000	1.04	0.97	54.9
March 2016	1,206,000	1.10	1.07	1.3
April 2016	5,574,000	1.13	1.04	6.0
May 2016	2,957,000	0.95	0.94	2.8
June 2016	5,092,000	1.01	0.94	5.0
	69,444,000			70.0

The above repurchases were made, pursuant to the general mandate granted to the Board at the annual general meeting of the Company, for the purpose of enhancing the net asset value per Share and earnings per Share.

Save as disclosed above, neither the Company nor any of its subsidiaries sold or redeemed any of its listed securities during the six months ended 30 June 2016.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 Agreement are set out in the Prospectus and the Supplemental Prospectus.

UPDATE ON DIRECTORS' INFORMATION

Details of the biography of each of the Directors are set out in the 2015 Annual Report of the Company dated 23 March 2016.

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

Mr Fong Chung, Mark (i) has been appointed as a consulting specialist of The Ministry of Finance of the PRC since 6 June 2016 and (ii) has been elected as a council member of the Institute of Chartered Accountants in England and Wales since 7 June 2016.

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 2016, the Company has complied with the CG Code except for 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 the Directors and they have confirmed their compliance with the Model Code during the six months ended 30 June 2016.

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 2016.

Review of 2016 Interim Report and Unaudited Condensed Consolidated Financial Statements

The 2016 Interim Report including unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2016 have been reviewed by the audit committee of the Company, which as at the date of this report comprised 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 2016 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Investor Relations

Information regarding the Company is published on its website at “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, 18 August 2016

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 34 to 53, which comprise the condensed consolidated statement of financial position as of 30 June 2016 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 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

18 August 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
REVENUE	3	666,022	698,229
Cost of sales and services		(526,245)	(497,406)
Other income, gains and losses		139,777	200,823
Marketing and promotional expenses		19,937	65,754
Operating, administrative and other expenses		(79,789)	(64,832)
Finance costs	5	(235,061)	(229,881)
LOSS BEFORE TAXATION	6	(22,643)	(42,795)
Taxation credit	7	(177,779)	(70,931)
LOSS FOR THE PERIOD		2,490	2,490
Other comprehensive expense:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
— exchange differences arising on translation of foreign operations		(18)	—
Other comprehensive expense for the period		(18)	—
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD		(175,307)	(68,441)
Loss per share	9		
Basic (HK cents)		(2.8)	(1.1)
Diluted (HK cents)		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	Notes	At 30 June 2016 HK\$'000 (unaudited)	At 31 December 2015 HK\$'000 (audited)
NON-CURRENT ASSETS			
Investment properties		364,223	370,159
Property and equipment	10	5,480,598	4,231,161
Prepaid lease payments		1,737,627	1,764,648
Goodwill		681,986	681,986
Other intangible assets		252,459	269,043
Deposits paid	11	777,835	770,485
		9,294,728	8,087,482
CURRENT ASSETS			
Inventories		35,997	37,787
Prepaid lease payments		54,043	54,043
Trade and other receivables	12	500,081	439,863
Pledged bank deposits		21,088	24,830
Bank balances and cash			
— Cash at banks and on hand		1,726,364	2,918,231
— Short-term bank deposits with original maturity over three months		—	302,536
		2,337,573	3,777,290
CURRENT LIABILITIES			
Trade and other payables	13	765,240	544,702
Taxation		825	1,650
Bank and other borrowings — due within one year	14	840,183	652,484
		1,606,248	1,198,836
NET CURRENT ASSETS			
		731,325	2,578,454
TOTAL ASSETS LESS CURRENT LIABILITIES			
		10,026,053	10,665,936
NON-CURRENT LIABILITIES			
Bank borrowings — due after one year	14	3,003,402	3,394,638
Deferred tax liability	15	174,892	178,207
		3,178,294	3,572,845
NET ASSETS			
		6,847,759	7,093,091
CAPITAL AND RESERVES			
Share capital	16	630,241	636,676
Reserves		6,217,518	6,456,415
Equity attributable to owners of the Company		6,847,759	7,093,091

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Share capital	Share premium	Treasury shares	Other reserve	Share options reserve	Translation reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2015 (audited)	644,926	4,398,182	—	(323,835)	38,667	—	2,701,752	7,459,692
Loss and total comprehensive expense for the period	—	—	—	—	—	—	(68,441)	(68,441)
Share-based payments	—	—	—	—	6,359	—	—	6,359
At 30 June 2015 (unaudited)	644,926	4,398,182	—	(323,835)	45,026	—	2,633,311	7,397,610
At 1 January 2016 (audited)	636,676	4,328,340	—	(323,835)	18,666	—	2,433,244	7,093,091
Loss for the period	—	—	—	—	—	—	(175,289)	(175,289)
Other comprehensive expense for the period	—	—	—	—	—	(18)	—	(18)
Total comprehensive expense for the period	—	—	—	—	—	(18)	(175,289)	(175,307)
Repurchase and cancellation of shares	(6,435)	(58,609)	—	—	—	—	—	(65,044)
Treasury shares purchased	—	—	(4,981)	—	—	—	—	(4,981)
At 30 June 2016 (unaudited)	630,241	4,269,731	(4,981)	(323,835)	18,666	(18)	2,257,955	6,847,759

Note: 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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Net cash used in operating activities	(74,532)	(10,117)
Investing activities		
Interest received	11,372	67,326
Purchase of property and equipment	(1,073,810)	(206,135)
Deposits paid	(17,479)	—
Decrease in short-term bank deposits with original maturity over three months	302,536	500,200
Withdrawal of pledged bank deposits	3,742	—
Addition to prepaid lease payments	—	(24,440)
Net cash (used in) from investing activities	(773,639)	336,951
Financing activities		
Repayment of bank and other borrowings	(214,000)	(95,000)
Interest paid	(59,884)	(58,337)
Payment for repurchase of shares	(70,025)	—
New bank borrowings raised	—	197,000
Net cash (used in) from financing activities	(343,909)	43,663
Net (decrease) increase in cash and cash equivalents	(1,192,080)	370,497
Cash and cash equivalents at 1 January	2,918,231	4,047,398
Effect of foreign exchange rate changes	213	(5,603)
Cash and cash equivalents at 30 June	1,726,364	4,412,292
Analysis of the cash and cash equivalents:		
Bank balances and cash	1,726,364	4,412,292

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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 currently has two major properties, 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. In 2015, the Group entered into agreements with the Government of Cape Verde and commenced to develop an integrated leisure, tourism and entertainment complex in Praia, the capital city of Cape Verde.

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 (“HK\$”), which is also the functional currency of the Group.

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computations used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

2. PRINCIPAL ACCOUNTING POLICIES (continued)

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and the Hong Kong Accounting Standards (“HKASs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 14	Regulatory deferral accounts
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle
Amendments to HKAS 16 and HKAS 41	Agriculture: bearer plants
Amendments to HKAS 27	Equity method in separate financial statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception

The application of the above 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 2016

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	
	2016 HK\$'000 (unaudited)	2015 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	326,235	360,701
— Outsourced VIP rooms	10,549	22,824
— Indirect participation in the gaming promotion business through New Legend (as defined in note 4) under the variable-interest entities structure (the "VIE Structure")	78,158	62,178
— Slot machines	4,505	4,229
	419,447	449,932
Revenue from non-gaming operations:		
— Rental income from hotel rooms	89,167	91,517
— Licensing income from investment properties	62,166	60,557
— Income from building management services	28,445	32,874
— Food and beverage	56,323	50,057
— Sales of merchandise	7,514	10,472
— Others	2,960	2,820
	246,575	248,297
	666,022	698,229

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, and the indirect participation in the gaming promotion business, the Executive Directors regularly analyse gaming related revenue in terms of service income from mass market tables, VIP rooms and slot machines. 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 2016

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”) and a gaming operator, Sociedade de Jogos de Macau, S.A. (“SJM”), whereby the revenue is derived based on net gaming wins. Revenue from the indirect participation in the gaming promotion business represents the sharing of gross gaming revenue generated by gaming tables in VIP rooms operated by a subsidiary, New Legend VIP Club Limited (“New Legend”), under the VIE Structure.

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. For segment reporting under HKFRS 8, financial information of these operations with similar economic characteristics has been aggregated into a single operating segment named “non-gaming”.

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 2016 (unaudited)

	Gaming	Non-gaming	Segment total	Elimination	Consolidated
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
External revenue	419,447	246,575	666,022	—	666,022
Inter-segment revenue	—	36,876	36,876	(36,876)	—
Segment revenue	419,447	283,451	702,898	(36,876)	666,022
Segment profit (loss)	7,950	(63,788)	(55,838)	—	(55,838)
Unallocated depreciation, release of prepaid lease payments and amortisation					(50,301)
Unallocated corporate expenses					(49,210)
Unallocated unrealised exchange gain, net					213
Finance costs					(22,643)
Loss before taxation					(177,779)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

4. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the six months ended 30 June 2015 (unaudited)

	Gaming HK\$'000	Non-gaming HK\$'000	Segment total HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
External revenue	449,932	248,297	698,229	—	698,229
Inter-segment revenue	—	32,058	32,058	(32,058)	—
Segment revenue	449,932	280,355	730,287	(32,058)	698,229
Segment profit (loss)	122,712	(45,493)	77,219	—	77,219
Unallocated depreciation, release of prepaid lease payments and amortisation					(51,414)
Unallocated corporate expenses					(48,338)
Unallocated unrealised exchange loss, net					(5,603)
Finance costs					(42,795)
Loss before taxation					(70,931)

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 profit (loss) represents the results of each segment without allocation of depreciation of investment properties and property and equipment, release of prepaid lease payments arising from the fair value adjustments on acquisition of Macau Fisherman's Wharf International Investment Limited ("MFW Investment") and its subsidiaries (collectively referred to as the "MFW Group"), amortisation of other intangible assets, expenses relating to unallocated common area in MFW, corporate expenses, net exchange difference and finance costs. 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 2016

5. FINANCE COSTS

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Interest on bank borrowings	57,435	58,997
Amortisation of finance costs on bank borrowings	10,463	11,186
Other finance costs	1,250	545
Total borrowing costs	69,148	70,728
Less: Capitalised borrowing costs in construction in progress (included in property and equipment)	(46,505)	(27,933)
	22,643	42,795

Borrowing costs capitalised during the period arose from the general borrowing pool and are calculated by applying a capitalisation rate of approximately 3.5% (six months ended 30 June 2015: 3.5%) per annum to expenditure on qualifying assets.

6. LOSS BEFORE TAXATION

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Loss before taxation has been arrived at after charging (crediting):		
Depreciation of investment properties	5,936	5,633
Depreciation of property and equipment	126,558	112,499
Amortisation of other intangible assets	16,584	17,698
Release of prepaid lease payments	27,021	26,557
Operating lease rentals in respect of leasehold land and buildings	2,383	6,369
Reversal of allowance for inventories	(58)	(204)
Cost of inventories recognised as an expense (included in cost of sales and services)	25,884	26,784
Unrealised exchange (gain) loss, net	(213)	5,603
Loss on disposal of property and equipment	43	16
Interest income	(16,847)	(54,869)
Gross licensing income from investment properties	(62,166)	(60,557)
Less: Direct operating expenses that generate licensing income	5,936	5,633
Net licensing income	(56,230)	(54,924)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

7. TAXATION CREDIT

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Current tax charge	(825)	(825)
Deferred taxation credit (note 15)	3,315	3,315
Income tax credit	2,490	2,490

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 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 2016, provision for taxation of HK\$825,000 (six months ended 30 June 2015: HK\$825,000) has been made.

8. DIVIDEND

No dividends were paid, declared or proposed in respect of both interim periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

9. LOSS PER SHARE

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

Loss

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Loss for the period for the purpose of basic and diluted loss per share	(175,289)	(68,441)

Number of shares

	Six months ended 30 June	
	2016 '000	2015 '000
Weighted average number of ordinary shares for the purpose of basic loss per share	6,311,716	6,449,261
Effect of diluted potential ordinary shares (note)		
— Share options	N/A	N/A
— Directors' reward shares	—	N/A
Weighted average number of ordinary shares for the purpose of diluted loss per share	N/A	N/A

Note: The computation of diluted loss per share for the six months ended 30 June 2016 does not assume the conversion of the Company's outstanding share options (for the six months ended 30 June 2015: outstanding share options and directors' reward shares) since their exercise would result in a decrease in loss per share.

10. PROPERTY AND EQUIPMENT

The addition of property and equipment during the period includes amounts of HK\$1,312,398,000 and HK\$16,429,000 for redevelopment of MFW and investment project in Cape Verde, respectively (six months ended 30 June 2015: amounts of HK\$15,233,000 and HK\$251,901,000 for renovation of The Landmark Macau and redevelopment of MFW, respectively).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

11. DEPOSITS PAID

	At 30 June 2016 HK\$'000 (unaudited)	At 31 December 2015 HK\$'000 (audited)
Deposits paid for acquisition of property and equipment	47,925	58,036
Refundable deposit for a potential long-term investment project	697,824	697,824
Deposits for an investment project in Cape Verde (note)	24,318	14,625
Deposit for an investment project in the Lao People's Democratic Republic (the "Lao PDR")	7,768	—
	777,835	770,485

Note: The amount included a payment of approximately HK\$10,168,000 (31 December 2015: HK\$9,991,000) for a gaming concession with a term of 25 years from the first day of operation of the casino operated by the Group under the project in Cape Verde.

12. TRADE AND OTHER RECEIVABLES

	At 30 June 2016 HK\$'000 (unaudited)	At 31 December 2015 HK\$'000 (audited)
Trade receivables	347,814	340,187
Less: Allowance for doubtful debts	(14)	(14)
	347,800	340,173
Other receivables and deposits	49,869	30,561
Prepayments	45,779	35,850
Receivables from gaming operator received on behalf of gaming promoters	56,633	33,279
Total trade and other receivables	500,081	439,863

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

Before accepting any new customers, the Group assesses the potential customer's credit quality by evaluating their historical credit records and defines credit limits by customers. Recoverability and credit limit of the existing customers are reviewed by the Group regularly. At the end of the reporting period, included in the Group's trade receivable balances are receivables with aggregate carrying amount of HK\$126,640,000 (31 December 2015: HK\$92,706,000), which are neither past due nor impaired. The directors considered that trade receivables which are neither past due nor impaired are of good credit quality given the continuous subsequent settlements from gaming operator and other customers.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

12. TRADE AND OTHER RECEIVABLES (continued)

The Group generally 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 VIP players, 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 or the date of credit granted at the end of the reporting period:

	At 30 June 2016 HK\$'000 (unaudited)	At 31 December 2015 HK\$'000 (audited)
Within 3 months	151,032	128,303
Over 3 months but within 6 months	22,698	40,100
Over 6 months but within 1 year	26,852	44,865
Over 1 year	147,218	126,905
	347,800	340,173

13. TRADE AND OTHER PAYABLES

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

	At 30 June 2016 HK\$'000 (unaudited)	At 31 December 2015 HK\$'000 (audited)
Trade payables	35,805	45,501
Deposits received from tenants	47,578	51,322
Accrued staff costs	85,291	107,202
Other accruals	35,534	32,399
Other payables	531,785	290,235
Amounts due to gaming promoters	29,247	18,043
Total trade and other payables	765,240	544,702

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

13. TRADE AND OTHER PAYABLES (continued)

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

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

	At 30 June 2016 HK\$'000 (unaudited)	At 31 December 2015 HK\$'000 (audited)
Within 3 months	34,726	44,351
Over 3 months but within 6 months	203	283
Over 6 months but within 1 year	557	243
Over 1 year	319	624
	35,805	45,501

14. BANK AND OTHER BORROWINGS

	At 30 June 2016 HK\$'000 (unaudited)	At 31 December 2015 HK\$'000 (audited)
Bank borrowings, secured (note i)	3,785,085	3,974,622
Other borrowings (note ii)	58,500	72,500
	3,843,585	4,047,122
Analysed for reporting purposes as:		
Current liabilities	840,183	652,484
Non-current liabilities	3,003,402	3,394,638
	3,843,585	4,047,122

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

14. BANK AND OTHER BORROWINGS (continued)

Notes:

- (i) Bank borrowings, secured

	At 30 June 2016 HK\$'000 (unaudited)	At 31 December 2015 HK\$'000 (audited)
Secured bank borrowings due		
– within one year	781,683	579,984
– more than one year, but not exceeding two years	1,187,171	984,238
– more than two years, but not more than five years	1,816,231	2,410,400
	3,785,085	3,974,622
Less: Amount due within one year shown under current liabilities	(781,683)	(579,984)
Amount due after one year	3,003,402	3,394,638

The bank borrowings are denominated in HK\$.

The Group entered into a facility agreement with banks relating to a five-year syndicated bank term loan facility in the amount of HK\$4,221.0 million in April 2014. As at 30 June 2016 and 31 December 2015, the Group has fully drawn down the whole amount under the facility.

As at 30 June 2016, the bank borrowings bear interests at Hong Kong Interbank Offered Rate ("HIBOR") plus 2.5% per annum (31 December 2015: HIBOR plus 2.5% per annum) and the weighted average effective interest rate was 2.93% (31 December 2015: 2.97%) per annum.

- (ii) Other borrowings represent the amount due to a gaming operator which is denominated in HK\$ and is non-interest bearing, unsecured and repayable within one year.

15. DEFERRED TAX LIABILITY

The following is the movements of deferred tax liability recognised for the six months ended 30 June 2016 and the year ended 31 December 2015:

	HK\$'000
At 1 January 2015 (audited)	184,836
Credit to profit or loss	(6,629)
At 31 December 2015 (audited)	178,207
Credit to profit or loss (note 7)	(3,315)
At 30 June 2016 (unaudited)	174,892

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 MFW Group in May 2012 and their corresponding tax bases.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

16. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2015 (audited), 31 December 2015 (audited) and 30 June 2016 (unaudited)	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 January 2015 (audited)	6,449,261,370	644,926
Repurchase and cancellation of shares (note i)	(97,042,000)	(9,704)
Issue of shares as a part of Directors' reward shares (note ii)	14,541,750	1,454
At 31 December 2015 (audited)	6,366,761,120	636,676
Repurchase and cancellation of shares (note iii)	(64,352,000)	(6,435)
At 30 June 2016 (unaudited)	6,302,409,120	630,241

Notes:

- (i) During the year ended 31 December 2015, the Company repurchased 97,042,000 issued ordinary shares of the Company in the market with a total amount of HK\$110,811,000. The said shares were cancelled subsequently after their repurchase. None of the Company's subsidiaries purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2015.
- (ii) On 31 December 2015, the Company issued 14,541,750 ordinary shares pursuant to the service contracts or letter of appointment dated 5 June 2013 entered into between the Company and each of Mr. David Chow, Mr. Sheldon Trainor-DeGirolamo and Mr. Tong Ka Wing, Carl.
- (iii) During the six months ended 30 June 2016, the Company repurchased 69,444,000 its own ordinary shares on the Stock Exchange at an aggregate consideration of HK\$70,025,000, of which 64,352,000 repurchased shares amounting to HK\$65,044,000 were cancelled as at 30 June 2016, and 5,092,000 repurchased shares of HK\$4,981,000 were subsequently cancelled in July 2016. None of the Company's subsidiaries purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2016.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

17. 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:

	At 30 June 2016 HK\$'000 (unaudited)	At 31 December 2015 HK\$'000 (audited)
Within one year	8,302	23,062
In the second to fifth year inclusive	10,648	13,203
Over five years	18,897	18,567
	37,847	54,832

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. Lease term of leasehold land in Cape Verde is negotiated for a term of 75 years at a fixed rental and is subject to review on an annual basis. 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:

	At 30 June 2016 HK\$'000 (unaudited)	At 31 December 2015 HK\$'000 (audited)
Within one year	113,325	116,564
In the second to fifth year inclusive	326,801	273,713
Over five years	144,940	149,568
	585,066	539,845

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 is disclosed above, pursuant to the terms of certain licensing arrangements, the Group has licensing income based on certain percentage of gross sales of relevant shop. The contingent licensing income contributed an insignificant amount of licensing income earned by the Group during both reporting periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

18. 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\$1,925,875,000 (31 December 2015: approximately HK\$897,219,000).

19. 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 fulfil their obligations relating to gaming promotion agreements as entered into 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 2016 and the year ended 31 December 2015.
- (ii) MFW Investment initiated repossession proceedings against a former tenant at MFW with rental arrears in dispute of MOP89,008,000 (equivalent to approximately HK\$86,416,000) in 2009. The former tenant initiated a counterclaim from MFW Investment an amount of MOP90,728,000 (equivalent to approximately HK\$88,085,000) in 2009 for alleging breach of undertakings pursuant to a memorandum of understanding on 19 October 2006 and an escrow undertaking letter on 5 September 2008, as well as seeking compensation for amounts spent on improvements to the premises. The Macau Court of First Instance dismissed the counterclaim from the former tenant on 29 April 2013 and the former tenant was condemned to pay MFW Investment the amount of MOP67,151,000 (equivalent to approximately HK\$65,195,000) as principal and the respective interests to be computed. The former tenant appealed against such decision and the case was sent to the Macau Court of Second Instance, which made decision in favour of MFW Investment on 18 February 2016. The former tenant appealed against the decision of the Macau Court of Second Instance but was rejected. The directors believe the aforementioned case would not result in any material adverse effect on the financial position of the Group as at 30 June 2016. 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 2016

19. CONTINGENT LIABILITIES (continued)

- (iii) MFW Investment received a claim for outstanding payments on construction work at MFW from a contractor in 2008. The contractor claimed from MFW Investment an amount of MOP23,709,000 (equivalent to approximately HK\$23,018,000) and MFW Investment counterclaimed an amount of MOP14,451,000 (equivalent to approximately HK\$14,030,000) for defective construction work carried out by the contractor. In April 2010, the Macau Court of First Instance dismissed all claims from the contractor and awarded MOP462,000 (equivalent to approximately HK\$449,000) to MFW Investment. The contractor did not agree to 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 and agreed to award MFW Investment the amount of damages. The contractor lodged an appeal to the Macau Court of Last Instance but it did not submit the legal arguments. The directors believe the aforementioned case would not result in any material adverse effect on the financial position of the Group as at 30 June 2016. Accordingly, no provision has been made in 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 are aware, no litigation or claims of material importance are pending or threatened by or against any companies of the Group.

20. RELATED PARTY TRANSACTIONS

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

21. EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group had the following events after the end of the reporting period:

- (i) On 13 May 2016, the Company entered into the project development agreement with the Government of the Lao PDR in respect of the acquisition of the Savan Vegas Hotel and Entertainment Complex at the consideration of US\$42.0 million (equivalent to approximately HK\$325.9 million). The project development agreement shall have an initial term of 50 years. Further details of the investment project in the Lao PDR are set out in the Company's announcement dated 13 May 2016. The Group obtained the approval from the shareholders of the Company at an extraordinary general meeting of the Company held on 18 August 2016.
- (ii) On 7 July 2016, the Company entered into the memorandum of understanding with the Setúbal Municipality for the proposed development at the riverfront area at Setúbal in Portugal. The Company also entered into the heads of agreement with independent third parties in relation to (i) the formation of a joint venture company, and (ii) the transfer of the Tróia Casino and its gaming concession pursuant to which, subject to its terms and conditions and among other things, one of the independent third parties and the Company will form the joint venture company and shall transfer to the joint venture company the Tróia Casino and its gaming concession at the value of Euro40.0 million (equivalent to approximately HK\$343.6 million) or inject cash in the same amount to the joint venture company. Further details of the memorandum of understanding are set out in the Company's announcement dated 7 July 2016.

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, amortisation, loss on disposal of property and equipment, exchange gain/loss arising from non-operating activities, share-based payments, pre-opening expenses and one-off costs incurred or associated with corporate exercises, where applicable
“ADR”	average daily room rate
“All Landmark”	All Landmark Properties Limited, a controlled corporation of Mr David Chow
“Board”	the board of Directors
“Cape Verde”	the Republic of Cabo Verde
“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, New Macau Landmark Management Limited and Hong Hock Development Company Limited
“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\$4,221.0 million 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

DEFINITIONS

“HKICPA”	Hong Kong Institute of Certified Public Accountants
“ICBC Macau”	Industrial and Commercial Bank of China (Macau) Limited
“Lao PDR”	the Lao People’s Democratic Republic
“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 66 ² / ₃ % or more of the total commitments, or if the Facility has been drawn, 66 ² / ₃ % or more of the total outstanding under the Facility
“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, and consolidated as a subsidiary of the Company under the VIE Structure

DEFINITIONS

“PRC”	the People’s Republic of China
“Project Cape Verde”	the project of developing an integrated leisure, tourism and entertainment complex in Praia, the capital city of Cape Verde
“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 Development Company Limited 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
“The Landmark Macau”	the hotel, dining, conference and casino complex and the car parks located at 549–567 Avenida da Amizade, Macau
“US\$”	United States dollars, the lawful currency of the United States of America
“VIE Structure”	the structure established through the entering into of the VIE agreements (that is 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 Development Company Limited, New Legend and Mr Frederick Yip, where appropriate), which enables the Group to indirectly participate in the gaming promotion business operations in Macau through New Legend
“€”	Euro, the lawful currency of the European Union
“%”	per cent