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澳門勵駿創建有限公司

Macau Legend Development Ltd

**Macau Legend Development Limited**

澳門勵駿創建有限公司\*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1680)

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

**RESULTS**

The Board announces the unaudited consolidated interim results of the Group for the six months ended 30 June 2014 as follows:

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

*For the six months ended 30 June 2014*

		<b>Six months ended 30 June</b>	
		<b>2014</b>	<b>2013</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(unaudited)</i>	<i>(unaudited)</i>
<b>REVENUE</b>	3	<b>917,493</b>	843,766
Costs of sales and services		<u>(421,326)</u>	<u>(363,513)</u>
		<b>496,167</b>	480,253
Other income, gains and losses		<b>(27,196)</b>	12,347
Marketing and promotional expenses		<b>(23,400)</b>	(21,468)
Operating, administrative and other expenses		<b>(185,293)</b>	(174,329)
Finance costs	5	<u><b>(36,396)</b></u>	<u>(30,908)</u>
<b>PROFIT BEFORE TAXATION</b>	6	<b>223,882</b>	265,895
Taxation credit	7	<u><b>2,490</b></u>	<u>839</u>
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<u><b>226,372</b></u>	<u>266,734</u>
Earnings per share	9		
Basic (HK cents)		<u><b>3.5</b></u>	<u>5.1</u>
Diluted (HK cents)		<u><b>3.5</b></u>	<u>5.1</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

		At 30 June 2014	At 31 December 2013
	Notes	HK\$'000 (unaudited)	HK\$'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Investment properties		252,945	256,984
Property and equipment	10	3,060,512	2,541,763
Prepaid lease payments		1,773,076	1,775,186
Goodwill		681,986	681,986
Deposit paid	11	<u>697,824</u>	<u>—</u>
		<u>6,466,343</u>	<u>5,255,919</u>
<b>CURRENT ASSETS</b>			
Inventories		42,399	40,994
Prepaid lease payments		51,969	51,290
Trade and other receivables	12	641,715	605,057
Amounts due from related companies		4	518
Pledged bank deposits		20,581	20,581
Bank balances and cash			
– Cash at banks and on hand		1,893,069	1,006,527
– Short term bank deposits with original maturity over three months		<u>2,683,630</u>	<u>832,520</u>
		<u>5,333,367</u>	<u>2,557,487</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	652,679	619,264
Taxation		825	1,650
Amounts due to related companies		808	25
Bank borrowings — due within one year	14	<u>—</u>	<u>355,802</u>
		<u>654,312</u>	<u>976,741</u>
<b>NET CURRENT ASSETS</b>		<u>4,679,055</u>	<u>1,580,746</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)***At 30 June 2014*

		<b>At 30 June 2014</b>	At 31 December 2013
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(unaudited)</i>	<i>(audited)</i>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>11,145,398</u></b>	<b><u>6,836,665</u></b>
<b>NON-CURRENT LIABILITIES</b>			
Bank borrowings — due after one year	<i>14</i>	<b>3,766,887</b>	1,048,723
Deferred tax liability		<b><u>188,150</u></b>	<u>191,465</u>
		<b><u>3,955,037</u></b>	<u>1,240,188</u>
<b>NET ASSETS</b>		<b><u><u>7,190,361</u></u></b>	<b><u><u>5,596,477</u></u></b>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>15</i>	<b>643,472</b>	624,672
Reserves		<b><u>6,546,889</u></b>	<u>4,971,805</u>
Equity attributable to owners of the Company		<b><u><u>7,190,361</u></u></b>	<b><u><u>5,596,477</u></u></b>

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### **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. 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 and leisure complex in Macau. The Group is engaged in operating the business in the complex namely 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.

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA as well as with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

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

### **2. PRINCIPAL ACCOUNTING POLICIES**

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

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

In the current interim period, the Group has applied, for the first time, certain new interpretation and amendments to HKFRSs issued by the HKICPA that are mandatorily effective for the current interim period.

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

### 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:

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

### 4. SEGMENT INFORMATION

The executive Directors have been identified as the chief operating decision maker. The executive Directors review the Group's internal reports in order to assess performance and allocate resources.

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

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.

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

**Segment revenue and results:**

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

*For the six months ended 30 June 2014 (unaudited):*

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

*For the six months ended 30 June 2013 (unaudited):*

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

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profits (losses) represent the results of each segment without allocation of depreciation of investment properties and property and equipment and release of prepaid lease payments, corporate expenses, net unrealised exchange loss, finance costs and listing expenses. Corporate expenses include directors' remuneration paid or payable by the Company and certain administrative expenses for corporate use. This is the measure reported to the executive Directors for the purposes of resource allocation and performance assessment.

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

## 5. FINANCE COSTS

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

## 6. PROFIT BEFORE TAXATION

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

## 7. TAXATION CREDIT

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

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

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

Pursuant to the Dispatch of the Macau Financial Services Bureau dated 28 June 2013, Hong Hock is allowed to pay an annual lump sum dividend withholding tax of MOP1,700,000 (equivalent to approximately HK\$1,650,000) for each of the years ended 31 December 2012 through to 2016 as payment in lieu of Macau Complementary Tax otherwise due by the shareholders of Hong Hock on dividend distributions from gaming profits generated in relation to the operation of the casinos at The Landmark Macau and MFW. Such annual lump sum tax payments are required regardless of whether dividends were actually distributed or whether Hong Hock has distributable profits in the relevant years. During the six months ended 30 June 2014, provision for taxation of HK\$825,000 (six months ended 30 June 2013: HK\$2,476,000) has been made.

## 8. DIVIDEND

### Six months ended 30 June 2014

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

### Six months ended 30 June 2013

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

Pursuant to a deed of assignment and set-off (the "Deed of Assignment and Set-off") entered into among the Company and the above-mentioned shareholders who are entitled to the dividend declared by the Company on 5 June 2013, All Landmark, Grand Bright, Elite Success and The Legend Club Limited assigned HK\$354,105,000, HK\$154,549,000, HK\$77,672,000 and HK\$40,890,000 of their respective entitlements to the aforesaid dividends to Mr David Chow for nil consideration and each of Grand Bright and Elite Success assigned HK\$459,882,000 and HK\$333,328,000 of their respective entitlements to the aforesaid dividends to Madam Lam and Mr Li Chi Keung for nil consideration, respectively.

The relevant shareholders applied their entitlement to the dividends including the entitlement assigned to them pursuant to the Deed of Assignment and Set-off (the “Adjusted Entitlement”) to set off the amounts due to the Company by them in their capacity as shareholders and/or directors (as applicable). Pursuant to the Deed of Assignment and Set-off, a total Adjusted Entitlement of HK\$2,396,583,000 was applied by the relevant shareholders in aggregate to set off all the amounts due to the Company by them (including amounts due from directors of HK\$2,220,741,000 and amounts due from shareholders of HK\$175,842,000) on 5 June 2013. The balance of dividend of HK\$50,000,000 was settled in cash in July 2013.

## 9. EARNINGS PER SHARE

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

### Earnings

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<i>HK\$’000</i>	<i>HK\$’000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Profit for the period for the purposes of basic and diluted earnings per share	<u>226,372</u>	<u>266,734</u>

### Number of Shares

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

## 10. PROPERTY AND EQUIPMENT

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

## 11. DEPOSIT PAID

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

## 12. TRADE AND OTHER RECEIVABLES

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

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

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

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

### 13. TRADE AND OTHER PAYABLES

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

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

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.

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

## 14. BANK BORROWINGS

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

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

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

## 15. SHARE CAPITAL

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

Note:

On 16 January 2014, All Landmark, a controlling shareholder of the Company, entered into a placing agreement for the placement of up to 188,000,000 Shares (the “Placing Shares”) to certain independent professional, institutional and other investors (the “Placees”) at HK\$7.25 per Share. On the same date, All Landmark also entered into a conditional subscription agreement with the Company for the subscription of 188,000,000 Shares (the “Subscription Shares”) at HK\$7.25 per Share.

The placement of the Placing Shares by All Landmark to the Placees was completed on 21 January 2014 and the Subscription Shares were issued to All Landmark on 24 January 2014. The net proceeds received by the Company from this top-up placement amounted to HK\$1,350,750,000.

## 16. 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 land, office properties, warehouse and staff quarters rented under non-cancellable operating leases which fall due as follows:

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

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

### The Group as lessor

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

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

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 for both reporting periods.

## 17. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had capital commitments in respect of the acquisition of property and equipment and construction in progress which are contracted but not provided for in the amount of approximately HK\$1,342,037,000 (31 December 2013: HK\$292,259,000).

At the end of the reporting period, the Group had capital commitments which are authorised but not contracted for in respect of (i) renovation work of The Landmark Macau of approximately HK\$141,317,000 (31 December 2013: HK\$231,189,000); and (ii) the MFW Redevelopment of approximately HK\$6,278,150,000 (31 December 2013: HK\$7,609,863,000).

## 18. CONTINGENT LIABILITIES

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

- (i) Pursuant to the amendment in the Service Agreement on 16 December 2011, in the event of any non-payment by the gaming promoters or any failure to fulfill their obligations related to gaming promotion agreements as entered with SJM and gaming promoters, the Group undertakes to reimburse SJM for any loss caused by such misconduct of the gaming promoters as well as any possible legal costs associated with litigation. There are no such claims from SJM during the six months ended 30 June 2014 and the year ended 31 December 2013.
- (ii) Prior to acquisition by the Group, MFW Investment initiated repossession proceedings against a former tenant at MFW with rental arrears in dispute of approximately MOP89,008,000 (equivalent to approximately HK\$86,416,000) in 2009. The former tenant initiated a counterclaim from MFW Investment an amount of approximately MOP90,728,000 (equivalent to approximately HK\$88,085,000) in 2009 for alleging breach of undertakings pursuant to a memorandum of understanding on 19 October 2006 and an escrow undertaking letter on 5 September 2008, as well as seeking compensation for amounts spent on improvements to the premises. During the year ended 31 December 2013, the Macau Court of First Instance dismissed the counterclaim from the former tenant and the former tenant was condemned to pay MFW Investment the amount of approximately MOP67,151,000 (equivalent to approximately HK\$65,195,000) as principal and the respective interests to be computed. The former tenant appeals against such decision and the case will be sent to the Macau Court of Second Instance. The Directors believe the aforementioned case would not result in any material adverse effect on the financial position of the Group as at 30 June 2014. Accordingly, no further provision has been made in the condensed consolidated financial statements.
- (iii) Prior to acquisition by the Group, MFW Investment received a claim for outstanding payments on construction works at MFW from a contractor in 2008. The contractor claimed from MFW Investment an amount of approximately MOP23,709,000 (equivalent to approximately HK\$23,018,000) and MFW Investment counterclaimed an amount of approximately MOP14,451,000 (equivalent to approximately HK\$14,030,000) for defective construction work carried out by the contractor. In April 2010, the Macau Court of First Instance dismissed all claims from the contractor and awarded approximately MOP462,000 (equivalent to approximately HK\$449,000) to MFW Investment. The contractor did not agree the court's judgment and appealed to the Macau Court of Second Instance. The Macau Court of Second Instance dismissed the appeal from the contractor in June 2014 and agreed to award MFW the amount of damages. The Directors believe the aforementioned case would not result in any material adverse effect on the financial position of the Group as at 30 June 2014. Accordingly, no provision has been made in the condensed consolidated financial statements.

(iv) Pursuant to a revolving credit facility agreement and a supplementary agreement dated 1 July 2013 and 22 October 2013, respectively, a gaming promoter, New Legend, a company incorporated in Macau by Mr Frederick Yip, who is a senior management of the Company, has been offered for total facility amount of HK\$320 million from SJM to purchase rolling chips to be used in the VIP room(s) at the Pharaoh's Palace Casino as well as Babylon Casino, where applicable. The revolving credit facility agreement is valid for one year from 3 July 2013 and all borrowed amounts should be repaid by 2 July 2014. The Group has provided a guarantee to SJM under the revolving credit facility agreement. If New Legend defaults on any payments or breaches any of its obligations under the agreement, the Group is liable to SJM and SJM is entitled to withhold monthly service income or deduct outstanding amounts from the monthly service income payable to the Group under the Service Agreement. As at 30 June 2014, an amount of HK\$300 million under the facility was utilised by New Legend and remained outstanding. The revolving credit facility was renewed on 14 July 2014 and is valid for one year from 3 July 2014 and all borrowed amount should be repaid by 2 July 2015.

New Legend has been consolidated into the Group upon the approval from independent shareholders of the Company on 3 July 2014. Details of the arrangement with New Legend are set out in the circular dated 9 June 2014 issued by the Company and note 19 to the condensed consolidated financial statements.

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

#### **19. EVENTS AFTER THE END OF THE REPORTING PERIOD**

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview of Interim Results

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

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

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

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

**Six months ended 30 June**

	2014			2013		
	<b>The Group excluding MFW Group HK\$'000</b>	<b>MFW Group HK\$'000</b>	<b>Consolidated HK\$'000</b>	<b>The Group excluding MFW Group HK\$'000</b>	<b>MFW Group HK\$'000</b>	<b>Consolidated HK\$'000</b>
Profit/(loss) attributable to owners of the Company	<b>306,418</b>	<b>(80,046)</b>	<b>226,372</b>	321,169	(54,435)	266,734
Adjustments for:						
Finance costs	<b>16,653</b>	<b>19,743</b>	<b>36,396</b>	30,890	18	30,908
Depreciation of investment properties	<b>1,921</b>	<b>2,118</b>	<b>4,039</b>	1,921	2,118	4,039
Depreciation of property and equipment	<b>48,803</b>	<b>35,395</b>	<b>84,198</b>	21,332	39,574	60,906
Release of prepaid lease payments	<b>5,867</b>	<b>20,004</b>	<b>25,871</b>	5,867	19,338	25,205
Loss on disposal of property and equipment	<b>1,184</b>	<b>19,601</b>	<b>20,785</b>	5,290	—	5,290
Share-based payments	<b>16,762</b>	—	<b>16,762</b>	—	—	—
One-off costs incurred associated with the Listing	—	—	—	39,465	—	39,465
Unrealised exchange loss/ (gain)	<b>78,886</b>	<b>(4,993)</b>	<b>73,893</b>	—	—	—
Interest income	<b>(37,995)</b>	<b>(14,312)</b>	<b>(52,307)</b>	(2)	(119)	(121)
Tax charge/(credit)	<b>825</b>	<b>(3,315)</b>	<b>(2,490)</b>	2,476	(3,315)	(839)
	<b>439,324</b>	<b>(5,805)</b>	<b>433,519</b>	428,408	3,179	431,587
Add: Contribution from New Legend <i>(remark)</i>	<b>28,986</b>	—	<b>28,986</b>	—	—	—
<b>Adjusted EBITDA</b>	<b>468,310</b>	<b>(5,805)</b>	<b>462,505</b>	<b>428,408</b>	<b>3,179</b>	<b>431,587</b>

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

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

	<b>Six months ended 30 June</b>					
	<b>2014</b>			<b>2013</b>		
	<b>The Group excluding MFW Group HK\$'000</b>	<b>MFW Group HK\$'000</b>	<b>Consolidated HK\$'000</b>	<b>The Group excluding MFW Group HK\$'000</b>	<b>MFW Group HK\$'000</b>	<b>Consolidated HK\$'000</b>
Gaming services	472,852	6,585	479,437	437,044	14,328	451,372
Non-gaming operations	27,982	(12,390)	15,592	6,678	(11,149)	(4,471)
Sub-total	500,834	(5,805)	495,029	443,722	3,179	446,901
Unallocated corporate expenses	(32,524)	—	(32,524)	(15,314)	—	(15,314)
<b>Adjusted EBITDA</b>	<b>468,310</b>	<b>(5,805)</b>	<b>462,505</b>	<b>428,408</b>	<b>3,179</b>	<b>431,587</b>

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

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

### **Interim Dividend**

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

## Financial and Operational Reviews

### A. Gaming Services

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

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

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

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

# *The slot machines as at 30 June 2014 were temporarily not in operation.*

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

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

*Mass Market Tables*

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

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

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

#### *VIP Tables*

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

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

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

held on 3 July 2014. Upon implementation of the VIE Structure, financial results of New Legend would be consolidated into the consolidated financial statements of the Group. Further details of the VIE Structure are set out in the Company's circular dated 9 June 2014.

### *Slot Machines*

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

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

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

### *Investment in Casino Management System*

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

## B. Non-gaming Operations

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

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

	Six months ended 30 June					
	2014			2013		
	<b>The Group excluding MFW Group</b> <i>HK\$'000</i>	<b>MFW Group</b> <i>HK\$'000</i>	<b>Consolidated</b> <i>HK\$'000</i>	<b>The Group excluding MFW Group</b> <i>HK\$'000</i>	<b>MFW Group</b> <i>HK\$'000</i>	<b>Consolidated</b> <i>HK\$'000</i>
Rental income from hotel rooms	<b>80,854</b>	<b>13,128</b>	<b>93,982</b>	56,131	10,809	66,940
Licensing income from investment properties	<b>25,697</b>	<b>22,829</b>	<b>48,526</b>	18,187	15,048	33,235
Income from building management services	<b>28,210</b>	<b>9,977</b>	<b>38,187</b>	20,997	8,117	29,114
Food and beverage	<b>29,171</b>	<b>30,201</b>	<b>59,372</b>	33,208	35,160	68,368
Sales of merchandise	—	<b>19,417</b>	<b>19,417</b>	—	19,983	19,983
Others	<b>2,732</b>	<b>341</b>	<b>3,073</b>	2,530	596	3,126
<b>Total revenue from non-gaming operations</b>	<b><u>166,664</u></b>	<b><u>95,893</u></b>	<b><u>262,557</u></b>	<b><u>131,053</u></b>	<b><u>89,713</u></b>	<b><u>220,766</u></b>

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

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

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

#### *The Landmark Macau*

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

#### *Macau Fisherman's Wharf*

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

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

## C. Corporate and Business Updates

### (a) Renovation of The Landmark Macau

The Landmark Macau underwent a significant makeover in 2013 to enhance the revenue generating potential of the property and ensure consistent luxury experience for the guests. By January 2014, all guest rooms had been refurbished.

In addition to the above, the renovation plans also include expanding the lobby, adding retail space, redesigning and installing exterior lighting and signage which are being undertaken at various stages.

### (b) MFW Redevelopment

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

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

<b>Buildings/Facilities</b>	<b>Brief Description</b>	<b>Progress</b>	<b>Target Completion Date</b>
Harbourview Hotel	A four-star hotel modelled after the 18th century architecture of Prague with 444 rooms and suites	Construction will be substantially completed in the third quarter of 2014, with an anticipated opening of the hotel in the fourth quarter of 2014	4Q 2014
Legend Palace Hotel	A five-star deluxe medieval Persian-themed hotel with 229 rooms and villa garden suites	Demolition work of Tang Dynasty complex and foundation work will be completed in two months. License for construction of the superstructure of hotel has been applied and construction of hotel is expected to commence in 4Q 2014	4Q 2015
Legendale Hotel	A flagship five-star deluxe rating hotel modelled after the Neo-Renaissance style of architecture of mid-17th century Vienna with over 500 rooms	Current design is under review for reduction of construction costs and improvement on the planning and operational efficiencies  Application for increase of the height of the hotel has been submitted to Macau government for approval	1Q 2017

<b>Buildings/Facilities</b>	<b>Brief Description</b>	<b>Progress</b>	<b>Target Completion Date</b>
General entertainment and cultural facility	Dinosaur experience and museum are to be constructed	The dinosaur museum is being redesigned to include fossil exhibits as well as the addition of intellectual and interactive elements to upgrade visitor participation experience	2Q 2016
	A newly developed multi-propose entertainment and performance theatre with capability for a wide range of entertainment from solo performers to plays, shows, operas, musicals and movies	In design stage	2Q 2016
Yacht club and public pier for harbour cruises	Further development of the marina to increase the size of its mooring area and inclusion of a yacht club with immigration facilities	Phase 1 — contract for supply and installation of jetty pontoons has been signed and design and manufacturing works commenced. Phase 1 of the marina upgrade is expected to enable berthing starting late November 2014	4Q 2014
		Phase 2 — further pontoons and wave attenuator wall in design stage	4Q 2015
Canopied open-air shopping, dining and entertainment colonnade	Development of fixed canopy structures on main boulevard and Jackson Square providing all-weathered protection with integrated lighting entertainment shows	Design for the canopy on Jackson Square has been completed and submitted to Macau government for approval	2Q 2015
		For the canopy on main boulevard, design to be submitted to Macau government for approval in September 2014	4Q 2015
Redevelopment of existing facilities	Refurbishment and addition of facilities to certain buildings including Babylon Casino and Rocks Hotel, construction of new parking facilities for shuttle buses and coaches, addition of fine dining and family style restaurants and building of a canopy	Approval of Miami Building at MFW as part of Babylon Casino's extension has been obtained from DICJ recently  First stage refurbishment work on Miami Building will commence by the end of August 2014. Additional works to other existing buildings is expected to commence soon	Phased completions 4Q 2014 to 4Q 2015

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

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

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

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

(d) *Cooperation with Dynam*

On 23 August 2013, the Company entered into a non-binding Memorandum of Understanding for Business Cooperation (the "MOU") with DYNAM JAPAN HOLDINGS Co., Ltd ("Dynam"), a company incorporated in Japan and whose shares are listed on the Main Board of the Stock Exchange (stock code: 6889). Pursuant to the MOU, Dynam will establish and operate a minimum of 100 next generation pachinko machines and other electronic games (the "Electronic Games") at various locations in MFW, subject to receiving necessary approvals from the Macau government. Dynam will share with the Group the net revenue payment that the Group receives from SJM under the Service Agreement from the operation of these Electronic Games.

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

The MOU shall be terminated on six months from the date of the MOU unless otherwise agreed to extend by both parties. The parties shall negotiate in good faith the terms of the formal agreements relating to the above matters. On 23 February 2014, the MOU was extended with a new expiry date on 23 August 2014.

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

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

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

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

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

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

## **Outlook**

This is the first anniversary since the Shares were listed on the Stock Exchange in July 2013. During this period, the Macau gaming industry has continued to change as the tourism market matures and as the Macau government's policies to diversify the economy take effect.

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

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

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

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

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

The Group also benefited from major infrastructure and transportation projects due to be completed in the coming years, such as the improved Macau-Zhuhai border crossing, the Macau Light Rail System, and the Hong Kong-Zhuhai-Macau bridge. The Group also believes that its strategy to offer centrally located, integrated entertainment complexes that cater to different market segments is well aligned with the intensified efforts of the Macau government to establish Macau as a tourist destination centre which includes family entertainment, food and beverage, shopping, cultural and educational experiences.

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

### **Liquidity and Capital Resources**

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

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

### ***Bank balances and cash***

As at 30 June 2014, bank balances and cash held by the Group amounted to approximately HK\$4,597.3 million (including pledged bank deposits of approximately HK\$20.6 million) of which approximately 83.5% was denominated in RMB and the remaining approximately 16.5% was denominated mainly in HK\$ and MOP. Given MOP are pegged to HK\$, the Group considers the exposure to exchange rate risk is nominal for its bank balances and cash denominated in MOP. The Group's bank deposits denominated in RMB are subject to exchange rate risk as the exchange rate of RMB to HK\$ may fluctuate significantly.

The Company completed a global offering with its shares listed on the Stock Exchange with effect from 5 July 2013 on which the Company raised net proceeds of approximately HK\$2.1 billion. In addition, the Company completed a top-up placement of 188,000,000 new Shares and raised net proceeds of approximately HK\$1,350.8 million in January 2014. In order to enhance better yield from the portion of the proceeds raised from the Listing and the top-up placement which are not expected to be utilised in the near term, the Group has placed these funds at banks in Hong Kong and Macau as HK\$ or RMB fixed deposits with maturities ranging from 1 to 12 months. As at 30 June 2014, a total of approximately HK\$4,008.9 million had been placed as fixed deposits at banks in Hong Kong and Macau, including approximately HK\$3,816.8 million in RMB and approximately HK\$187.3 million mainly in HK\$, at an average annualised interest rate of approximately 3.3%.

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

### ***Borrowings***

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

## **Use of Proceeds from Global Offering**

Trading of the Shares on the Stock Exchange commenced on 5 July 2013, and the Group raised net proceeds of approximately HK\$2.1 billion from the global offering. The Group intends to apply such proceeds in a manner consistent with the intended use of proceeds as disclosed in the Supplemental Prospectus and the announcement made by the Company on 4 July 2013 (the “Announcement”). Details of the intended use of proceeds are set out in the Supplemental Prospectus and the Announcement. Up to 30 June 2014, the Group had applied approximately HK\$675.5 million, HK\$199.7 million and HK\$97.5 million of the net proceeds for the MFW Redevelopment, renovation of The Landmark Macau and settlement of an amount in respect of purchase of an aircraft, respectively, which are in compliance with the intended use of proceeds as set out in the Supplemental Prospectus and the Announcement.

## **Charge on the Group’s Assets**

As at 30 June 2014, certain assets of the Group were pledged to secure credit facilities and use of electricity granted to the Group, including investment properties with a total carrying amount of approximately HK\$252.9 million, buildings with a total carrying amount of approximately HK\$1,661.6 million, prepaid lease payments with a total carrying amount of approximately HK\$1,825.0 million, trade receivables of approximately HK\$139.3 million and bank deposits of approximately HK\$20.6 million.

## **Gearing**

The Group’s gearing ratio (expressed as a percentage of total interest-bearing liabilities over total equity as at the end of the reporting period) was approximately 52.4% as at 30 June 2014 (31 December 2013: approximately 25.1%). The increase in gearing ratio of the Group for the six months ended 30 June 2014 was mainly due to the inception of new bank loan by the Group during the period which was offset by the increase in total equity of the Group during the period.

## **Hedging, Acquisition and Disposals and Significant Investments**

During the six months ended 30 June 2014, the Group did not (i) employ any financial instruments for hedging purposes; (ii) undertake any material acquisitions or disposals of assets, business or subsidiaries; or (iii) make any significant investments.

## **Contingent Liabilities**

Details of contingent liabilities of the Group as at 30 June 2014 are set out in note 18 to the condensed consolidated financial statements of the Group for the six months ended 30 June 2014.

## **Capital Commitments**

As at 30 June 2014, the Group had capital commitments which were authorised but not contracted for in respect of the renovation work of The Landmark Macau and the MFW Redevelopment of approximately HK\$141.3 million (31 December 2013: approximately HK\$231.2 million) and approximately HK\$6,278.2 million (31 December 2013: approximately HK\$7,609.9 million) respectively. In addition, as at 30 June 2014, the Group had capital commitments in respect of acquisition of property and equipment and construction in progress which are contracted but not provided for in the amount of approximately HK\$1,342.0 million (31 December 2013: approximately HK\$292.3 million).

## **Employees and Remuneration Policies**

As at 30 June 2014, the Group had a total of approximately 3,080 employees, including approximately 1,390 gaming operation employees who were employed and paid by SJM but over whom the Group exercised oversight in accordance with the Service Agreement. The Group reimbursed SJM in full for the salaries and other benefits of these gaming operation employees.

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

## **PURCHASE, SALE OR REDEMPTION OF LISTED SHARES**

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

## **CORPORATE GOVERNANCE**

### **Compliance with the Corporate Governance Code**

The Company believes that good corporate governance practices are very important for maintaining and promoting investor confidence and for the sustainable growth of the Group. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business. The Board is committed to strengthening the Group's corporate governance practices and ensuring transparency and accountability of the Company's operations. Throughout the six months ended 30 June 2014, the Company has complied with the CG Code, except code provision A.2.1.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Currently, Mr David Chow and Mr Tong Ka Wing, Carl are co-chairmen of the Board and responsible for the management of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and

constructive manner. In addition, Mr David Chow is the chief executive officer of the Company, taking care of the day-to-day management of the Group's business and implementing the Group's policies, strategic plans and business goals formulated by the Board.

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

## **REVIEW OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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

## **INVESTOR RELATIONS**

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

## **DEFINITIONS**

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

“Adjusted EBITDA”	the Group's earnings before interest income, finance costs, income taxes, depreciation, release of prepaid lease payments, loss on disposal of property and equipment, unrealised exchange gain/loss, share-based payments and one-off costs incurred or associated with corporate exercises including the Listing, and showing the expected adjustments for the contribution from New Legend
“ADR”	average daily room rate
“All Landmark”	All Landmark Properties Limited, a controlled corporation of Mr David Chow

“Board”	the board of Directors
“CG Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
“Company”	Macau Legend Development Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Corporate Guarantors”	the Company and the Material Subsidiaries
“DICJ”	Direcção de Inspeção e Coordenação de Jogos, the Gaming Inspection and Coordination Bureau in Macau
“Directors”	the directors of the Company
“Elite Success”	Elite Success International Limited, a company in which each of Mr Li Chi Keung and Ms Wong Hoi Ping, the spouse of Mr Li Chi Keung, held 44.5% of the total issued capital
“Facility”	a five-year transferable term loan facility in the amount of HK\$4,221,000,000 provided by the Lenders to MFW Investment
“Facility Agreement”	the facility agreement dated 8 April 2014 and entered into among MFW Investment, the Corporate Guarantors, ICBC Macau and the other Lenders relating to the Facility
“Grand Bright”	Grand Bright Holdings Limited, a controlled corporation of Madam Lam
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRSs”	Hong Kong Financial Reporting Standards
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“Hong Hock”	Hong Hock Development Company Limited, a company incorporated in Macau and a subsidiary of the Company
“ICBC Macau”	Industrial and Commercial Bank of China (Macau) Limited
“Lenders”	the lenders of the Facility which are banks and financial institutions

“Listing”	the listing of the Shares on the Main Board of the Stock Exchange with effect from 5 July 2013
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Madam Lam”	Madam Lam Fong Ngo, the vice chairman, an executive Director and a controlling shareholder (as defined in the Listing Rules) of the Company
“Material Subsidiaries”	New Macau Landmark and Hong Hock, companies incorporated in Macau and subsidiaries of the Company
“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
“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
“New Legend”	New Legend VIP Club Limited, a company incorporated in Macau by Mr Frederick Yip
“New Macau Landmark”	New Macau Landmark Management Limited, a company incorporated in Macau and a subsidiary of the Company
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 17 June 2013
“REVPAR”	revenue per available room
“RMB”	Renminbi, the lawful currency of the PRC

“Service Agreement”	the service agreement dated 25 September 2006 and its related amendments entered into between Hong Hock and SJM, under which the Group provides gaming services to SJM in the Group’s two major casinos, namely Pharaoh’s Palace Casino in The Landmark Macau and Babylon Casino in MFW
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“SJM”	Sociedade de Jogos de Macau, S.A.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Prospectus”	the supplemental prospectus of the Company dated 26 June 2013
“VIE Agreements”	the exclusive management and consultancy services agreement, the exclusive undertaking to sell agreement, the transfer of profit and loan agreement, the share and equity pledge agreement and the power of attorney entered into among Hong Hock, New Legend and Mr Frederick Yip, where appropriate, further details of which are set out in the Company’s circular dated 9 June 2014
“VIE Structure”	the structure established through the entering into of the VIE Agreements, which enables the Group to indirectly participate in the gaming promotion business operations in Macau through New Legend
“%”	per cent

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

Hong Kong, 20 August 2014

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

\* *for identification purposes only*