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)

ANNOUNCEMENT

(1) CONNECTED TRANSACTIONS IN RELATION TO THE ACQUISITION; AND (2) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE MANAGEMENT SERVICES AGREEMENT

(1) THE ACQUISITION

On 27 February 2019 (after trading hours), Macau Legend Investment (a wholly-owned subsidiary of the Company) as the Buyer, and the Sellers entered into the Sale and Purchase Agreement pursuant to which the Buyer has conditionally agreed to acquire and the Sellers have conditionally agreed to sell the Sale Shares and the Shareholders' Loans at the total consideration of HK$84,495,000. The Sale Shares represent 21.5% of the share capital of the Target Company as at the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

As all applicable percentage ratios (as defined under the Listing Rules) for the Acquisition are less than 5% and the Acquisition does not involve the issue of securities of the Company, the Acquisition does not constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules.

The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules by virtue of Mr. Chow Kam Fai David (an executive Director) and his spouse being interested in 55.7% of the share capital of Raising Investment, being the Seller A.

Pursuant to Rule 14A.76(2) of the Listing Rules, as (i) the Acquisition is on normal commercial terms; and (ii) the relevant percentage ratios in respect of the Acquisition and the transactions contemplated under the Sale and Purchase Agreement is less than 5%, the Acquisition is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

(2) THE MANAGEMENT SERVICES AGREEMENT

Upon Completion, Macau Legend Investment and the Target Company will enter into the Management Services Agreement, pursuant to which Macau Legend Investment agreed to provide property management services to the Target Company in respect of 勵駿龐都廣場 PONTO.

IMPLICATIONS UNDER THE LISTING RULES

The Target Company is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of it being an associate of Mr. Chow Kam Fai David (an executive Director) and his spouse. Accordingly, the Management Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.76(1) of the Listing Rules, as (i) the Management Services Agreement is on normal commercial terms and within the ordinary course of business of the Company; and (ii) the relevant percentage ratios in respect of the Management Services Agreement and the transactions contemplated thereunder is less than 0.1%, the Management Services Agreement is fully exempt under Chapter 14A of the Listing Rules and this is disclosed on a voluntary basis by the Company.

(1) THE ACQUISITION

The Board is pleased to announce that, on 27 February 2019 (after trading hours), the Buyer and the Sellers entered into the Sale and Purchase Agreement pursuant to which the Buyer has conditionally agreed to acquire and the Sellers have conditionally agreed to sell the Sale Shares and the Shareholders' Loans at the total consideration of HK$84,495,000.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are summarised as below:

(a) Date

27 February 2019, after trading hours

(b) Parties

(i) Macau Legend Investment, a wholly-owned subsidiary of the Company, as the Buyer;

(ii) Raising Investment (Seller A); and

(iii) Lai Va Investment (Seller B)

Raising Investment is owned as to 55.7% by Mr. Chow Kam Fai David (an executive Director) and his spouse, and is therefore an associate of Mr. Chow Kam Fai David and a connected person of the Company. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, Lai Va Investment and its ultimate beneficial owner(s) are Independent Third Parties.

(c) Subject matter

The Sale Shares, comprising the Sales Shares A and the Sales Shares B which in aggregate represent approximately 21.5% of the share capital of the Target Company and the Shareholders' Loans, comprising the Seller A Shareholders' Loan and the Seller B Shareholders' Loan, being all amounts, whether principal or interest, owing by the Target Company to the Sellers as at Completion.

(d) Consideration

The total consideration for the Acquisition payable by the Buyer is HK$84,495,000, of which HK$3,930,000 is payable to the Seller A as the consideration for the Sale Shares A and the Seller A Shareholders' Loan and HK$80,565,000 is payable to the Seller B as the consideration for the Sale Shares B and the Seller B Shareholders' Loan in the following manners:

(i) upon signing of the Sale and Purchase Agreement, the Buyer shall pay 30% of the total consideration to the Sellers in proportion to their respective shareholdings in the Sale Shares as refundable deposit (the "**Refundable Deposit**"); and

(ii) remaining balance of the total consideration shall be payable to the Sellers on Completion in proportion to their respective shareholdings in the Sale Shares.

If Completion does not take place or the Sale and Purchase Agreement is otherwise terminated for any reason whatsoever, each of the Sellers shall immediately return the Refundable Deposit (without interest) to the Buyer.

The consideration was determined after arm's length negotiations between each of the Sellers and the Buyer and with reference to, among others, (i) the preliminary valuation of 100% interests of the Target Company in the Project Company as at 20 September 2018 (the "**Valuation**") prepared by an independent valuer based on the market approach; (ii) the business development and future prospect of the Target Company as stated under the section headed "Information on the Target Company" in this announcement; and (iii) the reasons for and benefits of the Acquisition as stated under the section headed "Reasons for and benefits of the Acquisition" in this announcement.

(e) Conditions Precedent

Completion is conditional upon the following conditions having been fulfilled or waived by the Buyer within 90 days from the date of the Sale and Purchase Agreement:

(i) the Buyer having satisfied itself with the due diligence review on the Target Company and its subsidiaries;

(ii) where necessary, all necessary consents, approvals, waivers and authorisations required to be obtained by the Target Company and its subsidiaries in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to, consents (or otherwise waiver thereof) from the lenders of the Target Company and its subsidiaries to the change in control or shareholding of the Target Company and its subsidiaries as a result of the performance of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;

(iii) where necessary, the consent from Luso Bank Macau to accept any such corporate guarantee as maybe granted by any shareholders of the Target Company as at the date of the Sale and Purchase Agreement in favour of Luso Bank Macau in respect of the Target Company, having been obtained; and

(iv) the constitution of the Target Company having been amended to the effect that a board of directors is established and delegated with the power to manage the day-to-day business of the Target Company and the right of first refusal clause set out in the Shareholders' Agreement is an article of the constitution.

(f) Completion

Completion of the sale and transfer of Sale Shares A and Sale Shares B shall take place simultaneously on the second (2nd) Business Day following the satisfaction of the conditions precedent to the Sale and Purchase Agreement, or such other date as the parties to the Sale and Purchase Agreement may agree in writing.

Upon completion, the Group will be interested in approximately 21.5% of the share capital of the Target Company. Since the shareholding of the Group in the Target Company exceeds 20%, the Group's investment in the Sale Shares will be accounted as "interests in associates" in the consolidated financial statements of the Group.

(g) The Shareholders Agreement

At Completion, the Buyer and the Sellers will enter into the Shareholders Agreement with the Target Company, to record the respective rights and obligations as shareholders of the Target Company with respect to finance, management and operations of the Target Company and its subsidiaries. Under the Shareholders Agreement, among other things, the Buyer shall be entitled to appoint two directors, Raising Investment shall be entitled to appoint three directors and Lai Va Investment shall be entitled to appoint one director to the board of the Target Company.

Pursuant to the Shareholders Agreement, (i) any transfer of shares or interest in shares in the Target Company by a shareholder thereafter will be subject to the first right of refusal of the other shareholders; (ii) where a shareholder of the Target Company proposes to dispose of more than 5% interest in the Target Company, if the other shareholder(s) of the Target Company exercise an option to tag-along the disposal, none of the selling shareholders can sell their shares solely unless the proposed purchaser, at the same time, acquires the shares in the Target Company in proportion to the shareholdings of each of the selling shareholders; (iii) if a shareholder in the Target Company proposes to dispose of more than 51% interest in the Target Company, such selling shareholder may compel all other shareholder(s) to sell all (but not some) of its/their interest in the Target Company on the same terms; and (iv) in the event that the Target Company requires further working capital, it may obtain external financing from financial institutions or external third parties or obtain financing from the shareholders through shareholders' loans.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Macau with limited liability on 3 September 2012 and is owned as to 70% by Raising Investment and 30% by Lai Va Investment. The Target Company, together with its wholly-owned subsidiary, the Project Company are principally engaged in land development, sale, leasing and management of the self-built commercial buildings in Hengqin Island, Zhuhai, PRC, and is operating a property development project at No. 38 Qinzheng Road, Hengqin New District, PRC, namely 勵駿龐都廣場 PONTO.

PONTO is the first large-scale shopping complex in Hengqin, with an investment value exceeding RMB1.6 billion. PONTO is strategically located at Hengqin and is approximately five-minute drive from Hengqin Customs Port. The total construction area of the project is approximately 140,000m^2, and it will offer over 300 shops which provide visitors with diversified shopping, dining and entertaining experience.

Set out below is a summary of the consolidated key financial information of the Target Company, as prepared in accordance with the General Financial Reporting Standards of Macau for the financial years ended 31 December 2017 and 31 December 2018:

	For the year ended 31 December 2017 *HKD'000* *(unaudited)*	**For the year ended 31 December 2018** *HKD'000* *(unaudited)*
Net loss before taxation	6,854	9,704
Net loss after taxation	6,854	9,704
Net asset value	318,555	260,032

INFORMATION ON RAISING INVESTMENT

Raising Investment is a company incorporated in Macau with limited liability on 23 July 2013 and is owned as to 55.7% by Mr. Chow Kam Fai David (an executive Director) and his spouse collectively, and 28.6% by Innocity Limited (a company owned as to 50% by Mr. Li Chi Keung and 50% by his spouse; Mr. Li Chi Keung and his spouse control Elite Success International Limited, a substantial shareholder of the Company). It is principally engaged in real estate investment. Before the entering into of the Sale and Purchase Agreement, Raising Investment is interested in 70% of the share capital of the Target Company.

INFORMATION ON LAI VA INVESTMENT

Lai Va Investment is an investment holding company incorporated in Macau with limited liability on 2 September 2013 and is owned by Independent Third Parties. Before the entering into of the Sale and Purchase Agreement, Lai Va Investment is interested in 30% of the share capital of the Target Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The Group is one of the leading owners of entertainment and gaming facilities in Macau. It is principally engaged in (i) the provision of gaming services to Sociedade de Jogos de Macau, S.A. in Landmark Casino, Babylon Casino and Legend Palace Casino; (ii) the operation of casino inside Savan Legend Resorts Hotel and Entertainment Complex in Laos PDR; and (iii) the operation of hotels, entertainment and leisure facilities within the Group's properties.

The Board is of the view that the Acquisition permits the Group to take part in and benefit from the economic growth in the area of Zhuhai Hengqin New District, PRC, which is important for the Group's long-term development as well as the broadening of its revenue base.

The Directors, including all the independent non-executive Directors, consider that the terms and conditions of the Acquisition are fair and reasonable, are on normal commercial terms or better and in the ordinary and usual course of business of the Group, and are in the interest of the Company and the Shareholders as a whole.

Since Mr. Chow Kam Fai David, Ms. Lam Fong Ngo and Mr. Chow Wan Hok Donald has or are considered to have a material interest in the transactions contemplated under the Acquisition and the Sale and Purchase Agreement, by virtue of Mr. Chow Kam Fai David's interest in Raising Investment, each of them has abstained from voting in relation to the relevant Board resolutions approving the same. Save for the abovementioned Directors, no Directors have a material interest in the transactions contemplated under the Acquisition and the Sale and Purchase Agreement or abstained from the voting on the said Board resolutions.

IMPLICATION UNDER THE LISTING RULES

As all applicable percentage ratios (as defined under the Listing Rules) for the Acquisition are less than 5% and the Acquisition does not involve the issue of securities of the Company, the Acquisition does not constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules.

The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules by virtue of Mr. Chow Kam Fai David (an executive Director) and his spouse being interested in 55.7% of the share capital of Raising Investment, being the Seller A.

Pursuant to Rule 14A.76(2) of the Listing Rules, as (i) the Acquisition is on normal commercial terms; and (ii) the relevant percentage ratios in respect of the Acquisition and the transactions contemplated under the Sale and Purchase Agreement is less than 5%, the Acquisition is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

(2) THE MANAGEMENT SERVICES AGREEMENT

Upon Completion, Macau Legend Investment and the Target Company will enter into the Management Services Agreement, pursuant to which Macau Legend Investment agreed to provide property management services to the Target Company in respect of 勵駿龐都廣場 PONTO.

The principal terms of the Management Services Agreement are summarised as below:

(a) Parties

(i) the Target Company; and

(ii) Macau Legend Investment

(b) Subject Matter

Macau Legend Investment has agreed to provide property management services to the Target Company in connection with the property development project in Hengqin, PRC, namely 勵駿龐都廣場 PONTO. The scope of services includes, among others, (i) providing and maintaining management, business plan development, strategic planning and oversight of operations of the Target Company; (ii) designing, organizing and hosting special events and promotions for the Target Company; and (iii) screening and liaising with prospective tenants and preparing necessary rental documentation in relation to the leasing of properties by the Target Company.

(c) Term

Macau Legend Investment has agreed to provide property management services to the Target Company from the date on which Completion takes place to 31 December 2021 (the "**Service Period**"), and the term of the Management Services Agreement may be renewed upon further negotiation and mutual agreement between the parties. Either party to the Management Services Agreement may terminate the agreement with not less than one months' written notice upon the commencement of the second year of the Service Period.

(d) Service fee and payment term

The parties have agreed that a monthly fixed management fee in the sum of HK$65,000 plus an annual performance bonus to be determined by the Target Company at its sole discretion shall be payable by the Target Company to Macau Legend Investment at the end of each calendar year during the term of the Management Services Agreement.

THE PROPOSED ANNUAL CAPS FOR THE THREE FINANCIAL YEARS ENDING 31 DECEMBER 2021

The Company estimates that the annual caps for the continuing connected transactions contemplated under the Management Services Agreement between the Group and the Target Company for the next three financial years ending 31 December 2021 are HK$1,000,000, HK$1,100,000 and HK$1,210,000 respectively.

The proposed annual caps were determined by reference to (i) the monthly fixed management fee of each year calculated on a cost-plus basis reflecting the estimated total staff cost to be incurred by the Group in connection with the provision of the property management service plus a margin of approximately 25%; (ii) a discretionary annual performance bonus which may be received by the Company during the Service Period; and (iii) a buffer of 10% year-on-year in expectation of inflation.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE MANAGEMENT SERVICES AGREEMENT

The Company has ample experience in property management and a high-quality and professional working team. In order to take part in and benefit from the economic growth in the area of Zhuhai Hengqin New District, PRC, the Company has decided to cooperate with the Target Company. The service fee receivable by the Company under the Management Services Agreement were determined after arm’s length negotiations between the Company and the Target Company, taking into account, inter alia, the performance and experience of the Company in other property management projects.

The Directors are of the view that the abovementioned method and procedure can ensure that the transactions under the Management Services Agreement are conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

The Directors (including all the independent non-executive Directors) consider that the terms and conditions of the Management Services Agreement and the annual caps are fair and reasonable and on normal commercial terms or better to the Group, and the transactions thereunder are in the usual and ordinary course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

Since Mr. Chow Kam Fai David, Ms. Lam Fong Ngo and Mr. Chow Wan Hok Donald has or are considered to have a material interest in the transactions contemplated under the Management Services Agreement by virtue of the Target Company being an associate of them, each of them has abstained from voting in relation to the relevant Board resolutions approving the same. Save for the abovementioned Directors, no Directors have a material interest in the transactions under the Management Services Agreement or abstained from the voting on the said Board resolutions.

LISTING RULES IMPLICATIONS

The Target Company is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of it being an associate of Mr. Chow Kam Fai David (an executive Director) and his spouse. Accordingly, the Management Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.76(1) of the Listing Rules, as (i) the Management Services Agreement is on normal commercial terms and within the ordinary course of business of the Company; and (ii) the relevant percentage ratios in respect of the Management Services Agreement and the transactions contemplated thereunder is less than 0.1%, the Management Services Agreement is fully exempt under Chapter 14A of the Listing Rules and this is disclosed on a voluntary basis by the Company.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the same following meanings as set out below:

"Acquisition"	the proposed acquisition of the Sale Shares and the Shareholders' Loans by the Buyer from the Sellers pursuant to the Sale and Purchase Agreement
"associate"	has the meaning given to it under the Listing Rules
"Board"	the board of Directors
"Business Day"	a day on which banks are generally open for business in Macau
"Company"	Macau Legend Development Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1680)
"Completion"	completion of the sale and purchase of the Sale Shares and the assignment of the Shareholders' Loans in accordance with the Sale and Purchase Agreement
"connected person(s)"	has the meaning given to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)	third party(ies) who is/are independent of, and not connected with, the Company and/or its connected persons (having the meaning given to it under the Listing Rules)

"Lai Va Investment" or "Seller B"	Lai Va Investment Company Limited (勵華投資有限公司), a company incorporated in Macau with limited liability on 2 September 2013 and owned by Independent Third Parties
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Macau"	the Macau Special Administrative Region of the PRC
"Macau Legend Investment" or "Buyer"	Macau Legend Investment Holdings Limited, a limited liability company incorporated in British Virgin Islands on 5 October 2017 and a wholly-owned subsidiary of the Company
"Management Services Agreement"	the management services agreement to be entered into between Macau Legend Investment and the Target Company upon Completion in respect of the provision of property management services to the Target Company in relation to 勵駿龐都廣場 PONTO
"PRC"	the Peoples' Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
"Project Company"	珠海市橫琴新區勵盈房地產開發有限公司 (Zhuhai Hengqin New District Liying Real Estate Development Co., Ltd.*), a company established under the laws of the PRC with limited liability and wholly-owned by the Target Company
"Raising Investment" or "Seller A"	Raising Investment Company Limited (勵升投資有限公司), a company incorporated in Macau with limited liability on 23 July 2013 and is owned as to 55.7% by Mr. Chow Kam Fai David (our executive Director) and his spouse and 28.6% by Innocity Limited
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the sale and purchase agreement dated 27 February 2019 and entered into between the Buyer and the Sellers in relation to the sale and purchase of the Sale Shares and the assignment of the Shareholders' Loans
"Sale Shares"	collectively, the Sale Shares A and the Sale Shares B, together representing approximately 21.5% of the share capital of the Target Company with a nominal value of MOP83,850,000
"Sale Shares A"	a share of the Target Company held by Raising Investment, with a nominal value of MOP3,900,000, representing approximately 1% of the share capital of the Target Company
"Sale Shares B"	a share of the Target Company held by Lai Va Investment, with a nominal value of MOP79,950,000, representing approximately 20.5% of the share capital of the Target Company
"Sellers"	Raising Investment and Lai Va Investment, which respectively owns 70% and 30% of the share capital of the Target Company

"Seller A Shareholders' Loan"	HK$974,008 out of the total amount of the shareholders' loan granted by Raising Investment to the Target Company
"Seller B Shareholders' Loan"	HK$19,967,187 out of the total amount of the shareholders' loan granted by Lai Va Investment to the Target Company
"Shareholder(s)"	holder(s) of the issued Share(s)
"Shareholders Agreement"	the shareholders agreement to be entered into among Macau Legend Investment, Raising Investment, Lai Va Investment and the Target Company upon Completion
"Shareholders' Loans"	collectively, the Seller A Shareholders' Loan and the Seller B Shareholders' Loan, being the sum of HK$20,941,195
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning given to it under the Listing Rules
"Target Company"	Lai Ieng Investment Company Limited (勵盈投資有限公司), a company incorporated in Macau with limited liability on 3 September 2012 and owned as to 70% by Raising Investment and 30% by Lai Va Investment
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"MOP"	Macau Pataca, the lawful currency of Macau
"%"	per cent

In this announcement, translation of HK$ into MOP based on the exchange rate of HK$1.00 to MOP1.03. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Macau Pataca have been, could have been or may be converted at such or any other rate or at all.

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

Hong Kong, 27 February 2019

As at the date of this announcement, the executive Directors are Chow Kam Fai, David, Lam Fong Ngo (Chow Kam Fai, David as her alternate), Sheldon Trainor-DeGirolamo and Chow Wan Hok, Donald; the non-executive Directors are Tong Ka Wing, Carl and Ho Chiulin, Laurinda; and the independent non-executive Directors are Fong Chung, Mark, Xie Min and Tam Wai Chu, Maria.

* *for identification purpose only*