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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)

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**RESULTS**

The Board announces the audited consolidated annual results of the Group for the year ended 31 December 2015 as follows:

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

*For the year ended 31 December 2015*

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>REVENUE</b>	4	<b>1,436,143</b>	1,811,112
Cost of sales and services		<u>(1,015,609)</u>	<u>(881,828)</u>
		<b>420,534</b>	929,284
Other income, gains and losses	6	<b>2,047</b>	138,715
Marketing and promotional expenses		<b>(133,883)</b>	(89,511)
Operating, administrative and other expenses		<b>(477,436)</b>	(415,649)
Finance costs	7	<u><b>(84,749)</b></u>	<u>(88,877)</u>
<b>(LOSS) PROFIT BEFORE TAXATION</b>	8	<b>(273,487)</b>	473,962
Taxation credit	9	<u><b>4,979</b></u>	<u>4,979</u>
<b>(LOSS) PROFIT AND TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE YEAR, ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<u><b>(268,508)</b></u>	<u>478,941</u>
(Loss) earnings per Share			
— Basic (HK cents)	11	<u><b>(4.2)</b></u>	<u>7.5</u>
— Diluted (HK cents)	11	<u><b>N/A</b></u>	<u>7.4</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

		At 31 December 2015 <i>HK\$'000</i>	At 31 December 2014 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Investment properties		370,159	248,906
Property and equipment		4,231,161	3,653,802
Prepaid lease payments		1,764,648	1,770,626
Goodwill		681,986	681,986
Other intangible assets		269,043	302,211
Deposits paid	12	<u>770,485</u>	<u>705,317</u>
		<u>8,087,482</u>	<u>7,362,848</u>
<b>CURRENT ASSETS</b>			
Inventories		37,787	54,423
Prepaid lease payments		54,043	52,648
Trade and other receivables	13	439,863	499,822
Pledged bank deposits		24,830	20,581
Bank balances and cash			
— Cash at banks and on hand	14	2,918,231	4,047,398
— Short-term bank deposits with original maturity over three months	14	<u>302,536</u>	<u>500,200</u>
		<u>3,777,290</u>	<u>5,175,072</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	544,702	665,326
Taxation		1,650	1,650
Bank and other borrowings — due within one year	16	<u>652,484</u>	<u>448,601</u>
		<u>1,198,836</u>	<u>1,115,577</u>
<b>NET CURRENT ASSETS</b>		<u>2,578,454</u>	<u>4,059,495</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2015

		At 31 December 2015 <i>HK\$'000</i>	At 31 December 2014 <i>HK\$'000</i>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>10,665,936</u></b>	<b><u>11,422,343</u></b>
<b>NON-CURRENT LIABILITIES</b>			
Bank borrowings — due after one year	<i>16</i>	<b>3,394,638</b>	3,777,815
Deferred tax liabilities		<b><u>178,207</u></b>	<u>184,836</u>
		<b><u>3,572,845</u></b>	<u>3,962,651</u>
<b>NET ASSETS</b>		<b><u><u>7,093,091</u></u></b>	<b><u><u>7,459,692</u></u></b>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>17</i>	<b>636,676</b>	644,926
Reserves		<b><u>6,456,415</u></b>	<u>6,814,766</u>
Equity attributable to owners of the Company		<b><u><u>7,093,091</u></u></b>	<b><u><u>7,459,692</u></u></b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

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 Company is an investment holding company. The Group is one of the leading owners of entertainment and casino gaming facilities in Macau. The Group currently has two major properties, 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. In 2015, the Group entered into agreements with the Government of Cape Verde and has commenced to develop Project Cape Verde.

### 2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period.

The consolidated financial statements are presented in HK\$, which is also the functional currency of the Company.

### 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has applied the following amendments to the HKFRSs and the Hong Kong Accounting Standards ("HKASs") issued by the HKICPA for the first time in the current year:

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle

The application of the above amendments in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments <sup>2</sup>
HKFRS 14	Regulatory deferral accounts <sup>3</sup>
HKFRS 15	Revenue from contracts with customers <sup>2</sup>
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations <sup>1</sup>
Amendments to HKAS 1	Disclosure initiative <sup>1</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation <sup>1</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants <sup>1</sup>
Amendment to HKAS 27	Equity method in separate financial statements <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture <sup>4</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception <sup>1</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

<sup>3</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

#### 4. REVENUE

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue from provision of gaming related facilities and gaming related general management services under the Service Agreement in respect of:		
— Mass market tables	711,505	1,094,778
— Outsourced VIP rooms	35,219	117,783
— Indirect participation in the gaming promotion business through New Legend under the VIE Structure	142,081	58,191
— Slot machines	<u>8,596</u>	<u>9,233</u>
	<u>897,401</u>	<u>1,279,985</u>
Revenue from non-gaming operations:		
Rental income from hotel rooms	196,620	183,266
Licensing income from investment properties	129,453	99,975
Income from building management services	61,339	75,310
Food and beverage	125,809	132,116
Sales of merchandise	17,998	32,890
Others	<u>7,523</u>	<u>7,570</u>
	<u>538,742</u>	<u>531,127</u>
	<u><u>1,436,143</u></u>	<u><u>1,811,112</u></u>

## 5. SEGMENT INFORMATION

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

For the provision of gaming related facilities and gaming related general management services, and the indirect participation in the gaming promotion business, the executive Directors regularly analyse gaming related revenue in terms of service income from mass market tables, VIP rooms and slot machines. The executive Directors review separately the entire revenues and operating results attributable to gaming related services and non-gaming operations. As such, the executive Directors have identified the operating and reportable segments under HKFRS 8 "Operating segments" as gaming and non-gaming operations.

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, whereby the revenue is derived based on net gaming wins. Revenue from the indirect participation in the gaming promotion business represents the sharing of gross gaming revenue generated by gaming tables in VIP rooms operated by New Legend, whose financial results are consolidated into the Group upon implementation of the VIE Structure.

*Non-gaming* — operations at The Landmark Macau and MFW including hotel and other operations such as licensing income from the shops, provision of building management service, food and beverage and others. For segment reporting under HKFRS 8, financial information of these operations with similar economic characteristics has been aggregated into a single operating segment named "non-gaming".

**Segment revenue and results:**

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

***For the year ended 31 December 2015***

	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	897,401	538,742	1,436,143	—	1,436,143
Inter-segment revenue	<u>—</u>	<u>67,254</u>	<u>67,254</u>	<u>(67,254)</u>	<u>—</u>
Segment revenue	<u>897,401</u>	<u>605,996</u>	<u>1,503,397</u>	<u>(67,254)</u>	<u>1,436,143</u>
Segment profit (loss)	<u>205,133</u>	<u>(74,641)</u>	<u>130,492</u>	<u>—</u>	<u>130,492</u>
Unallocated depreciation, release of prepaid lease payments and amortisation					(100,602)
Unallocated corporate expenses					(100,818)
Unallocated exchange loss, net					(117,810)
Finance costs					<u>(84,749)</u>
Loss before taxation					<u>(273,487)</u>

***For the year ended 31 December 2014***

	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	1,279,985	531,127	1,811,112	—	1,811,112
Inter-segment revenue	<u>—</u>	<u>58,229</u>	<u>58,229</u>	<u>(58,229)</u>	<u>—</u>
Segment revenue	<u>1,279,985</u>	<u>589,356</u>	<u>1,869,341</u>	<u>(58,229)</u>	<u>1,811,112</u>
Segment profit	<u>805,675</u>	<u>46,160</u>	<u>851,835</u>	<u>—</u>	<u>851,835</u>
Unallocated depreciation, release of prepaid lease payments and amortisation					(82,789)
Unallocated corporate expenses					(137,694)
Unallocated exchange loss, net					(68,513)
Finance costs					<u>(88,877)</u>
Profit before taxation					<u>473,962</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 profit represents the results of each segment without allocation of depreciation of investment properties and property and equipment, release of prepaid lease payments arising from the fair value adjustments on acquisition of MFW Group, and amortisation of other intangible assets, unallocated common area in MFW, corporate expenses, net exchange difference and finance costs. Corporate expenses include Directors' remuneration paid or payable by the Company and certain administrative expenses for corporate use. This is the measure reported to the executive Directors for the purposes of resource allocation and performance assessment.

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

**Other segment information:**

*For the year ended 31 December 2015*

	Gaming HK\$'000	Non-gaming HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Depreciation of property and equipment	37,032	165,176	30,644	232,852
Depreciation of investment properties	—	9,963	1,593	11,556
Amortisation of other intangible assets	—	—	33,168	33,168
Release of prepaid lease payments	—	18,266	35,197	53,463
Reversal of allowance for inventories	—	(893)	—	(893)
Pre-opening expenses	73,884	9,675	—	83,559
Loss on disposal of property and equipment	<u>—</u>	<u>102</u>	<u>—</u>	<u>102</u>

*For the year ended 31 December 2014*

	Gaming HK\$'000	Non-gaming HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Depreciation of property and equipment	35,087	99,899	30,644	165,630
Depreciation of investment properties	—	6,485	1,593	8,078
Amortisation of other intangible assets	—	—	15,356	15,356
Release of prepaid lease payments	—	16,886	35,196	52,082
Allowance for inventories	—	311	—	311
Allowance for bad and doubtful debts	—	327	—	327
Pre-opening expenses	—	24,084	—	24,084
Loss on disposal of property and equipment	<u>20,450</u>	<u>668</u>	<u>—</u>	<u>21,118</u>



## 6. OTHER INCOME, GAINS AND LOSSES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Bank interest income	88,147	109,272
Profit transfer from New Legend ( <i>remark</i> )	—	81,699
Realised exchange (loss) gain, net	(116,497)	5,818
Unrealised exchange (loss), net	(343)	(68,513)
Loss on disposal of property and equipment	(102)	(21,118)
Allowance for bad and doubtful debts	—	(327)
Others	<u>30,842</u>	<u>31,884</u>
	<u><u>2,047</u></u>	<u><u>138,715</u></u>

*Remark:* Pursuant to the transfer of profit and loan agreement, one of the VIE Agreements, New Legend agreed to, among others, transfer to Hong Hock, all profits accrued by New Legend from its commencement of business until the establishment of the VIE Structure for support of the day-to-day operations of New Legend. The VIE Structure was established on 3 July 2014. Accordingly, the amount of approximately HK\$81,699,000 was recognised in profit or loss for the year ended 31 December 2014.

## 7. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on bank borrowings	118,320	88,588
Amortisation of finance costs on bank borrowings	22,205	23,905
Other finance costs	<u>3,711</u>	<u>2,835</u>
Total borrowing costs	144,236	115,328
Less: Capitalised borrowing costs in construction in progress (included in property and equipment)	<u>(59,487)</u>	<u>(26,451)</u>
	<u><u>84,749</u></u>	<u><u>88,877</u></u>

Borrowing costs capitalised during the year arose from the general borrowing pool and are calculated by applying a capitalisation rate of approximately 3.4% (2014: 3.7%) per annum to expenditure on qualifying assets.

## 8. (LOSS) PROFIT BEFORE TAXATION

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
(Loss) profit before taxation has been arrived at after charging (crediting):		
Staff costs		
Directors' remuneration	31,205	72,969
Other staff costs		
— salaries and other benefits	308,521	341,590
— contributions to retirement benefits schemes	7,415	485
Total staff costs	<u>347,141</u>	<u>415,044</u>
Auditor's remuneration	2,480	2,480
Amortisation of other intangible assets	33,168	15,356
Cost of inventories recognised as an expense (included in cost of sales and services)	58,424	63,878
Depreciation of investment properties	11,556	8,078
Depreciation of property and equipment	232,852	165,630
Operating lease rentals in respect of leasehold land and buildings	4,808	9,517
Pre-opening expenses	83,559	24,084
Release of prepaid lease payments	53,463	52,082
(Reversal of allowance) allowance for inventories	(893)	311
Gross licensing income from investment properties	(129,453)	(99,975)
Less: Direct operating expenses that generate licensing income	11,556	8,078
Net licensing income	<u>(117,897)</u>	<u>(91,897)</u>

## 9. TAXATION CREDIT

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax charge	(1,650)	(1,650)
Deferred taxation credit	<u>6,629</u>	<u>6,629</u>
Income tax credit	<u>4,979</u>	<u>4,979</u>

Macau Complementary Tax is calculated at the maximum progressive rate of 12% on the estimated assessable profit for the year. No provision for Macau Complementary Tax and Hong Kong Profits Tax has been made in the 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 exempt 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 year ended 31 December 2015, provision for taxation of HK\$1,650,000 (2014: HK\$1,650,000) has been made.

## 10. DIVIDENDS

No dividend was paid, declared or proposed for both years ended 31 December 2015 and 2014.

## 11. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per Share attributable to owners of the Company is based on the following data:

### (Loss) earnings

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
(Loss) profit for the year for the purpose of basic and diluted (loss) earnings per Share	<u>(268,508)</u>	<u>478,941</u>

### Number of Shares

	2015 <i>'000</i>	2014 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per Share	6,426,475	6,422,913
Effect of dilutive potential ordinary shares ( <i>remark</i> )		
— Share options	N/A	15,132
— Directors' reward shares	<u>N/A</u>	<u>29,044</u>
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per Share	<u>N/A</u>	<u>6,467,089</u>

*Remark:* The computation of diluted loss per Share for the year ended 31 December 2015 does not assume the conversion of the Company's outstanding share options and Directors' reward shares since their exercise would result in a decrease in loss per Share.

## 12. DEPOSITS PAID

	2015 HK\$'000	2014 HK\$'000
Deposits paid for acquisition of property and equipment	58,036	7,493
Refundable deposit for a potential long-term investment project	697,824	697,824
Deposits for Project Cape Verde ( <i>remark</i> )	<u>14,625</u>	<u>—</u>
	<u><u>770,485</u></u>	<u><u>705,317</u></u>

*Remark:* Amount included a payment of approximately HK\$9,991,000 for a gaming concession with a term of 25 years from the first day of operation of the casino operated by the Group under Project Cape Verde.

## 13. TRADE AND OTHER RECEIVABLES

	2015 HK\$'000	2014 HK\$'000
Trade receivables	340,187	309,836
Less: Allowance for doubtful debts	<u>(14)</u>	<u>(14)</u>
	340,173	309,822
Other receivables and deposits	30,561	35,915
Prepayments	35,850	19,855
Receivables from gaming operator received on behalf of gaming promoters	<u>33,279</u>	<u>134,230</u>
	439,863	499,822
Total trade and other receivables	<u><u>439,863</u></u>	<u><u>499,822</u></u>

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

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

	2015 HK\$'000	2014 HK\$'000
Within 3 months	128,303	194,646
Over 3 months but within 6 months	40,100	6,496
Over 6 months but within 1 year	44,865	49,429
Over 1 year	<u>126,905</u>	<u>59,251</u>
	<u><u>340,173</u></u>	<u><u>309,822</u></u>

#### 14. BANK BALANCES AND CASH

Cash at banks and on hand comprise cash held by the Group and short-term bank deposits at variable interest rates with an original maturity of three months or less and carry interest at market rate of 1.7% (2014: 2.9%) per annum. As at 31 December 2015, short-term bank deposits with maturity over three months carry average fixed interest at 2.0% (2014: 3.6%) per annum.

#### 15. 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 one month to three months.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade payables	45,501	59,554
Deposits received from tenants	51,322	56,641
Accrued staff costs	107,202	117,568
Other accruals	32,399	39,184
Other payables	290,235	280,818
Amounts due to gaming promoters	<u>18,043</u>	<u>111,561</u>
Total trade and other payables	<u><u>544,702</u></u>	<u><u>665,326</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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 3 months	44,351	57,686
Over 3 months but within 6 months	283	1,570
Over 6 months but within 1 year	243	264
Over 1 year	<u>624</u>	<u>34</u>
	<u><u>45,501</u></u>	<u><u>59,554</u></u>

## 16. BANK AND OTHER BORROWINGS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Bank borrowings, secured ( <i>remark i</i> )	3,974,622	3,955,416
Other borrowings ( <i>remark ii</i> )	<u>72,500</u>	<u>271,000</u>
	<u><b>4,047,122</b></u>	<u><b>4,226,416</b></u>
Analysed for reporting purposes as:		
Current liabilities	652,484	448,601
Non-current liabilities	<u>3,394,638</u>	<u>3,777,815</u>
	<u><b>4,047,122</b></u>	<u><b>4,226,416</b></u>

*Remarks:*

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
(i) Bank borrowings, secured		
Secured bank borrowings due		
— within one year	579,984	177,601
— more than one year, but not exceeding two years	984,238	579,846
— more than two years, but not more than five years	<u>2,410,400</u>	<u>3,197,969</u>
	3,974,622	3,955,416
Less: Amount due within one year shown under current liabilities	<u>(579,984)</u>	<u>(177,601)</u>
Amount due after one year	<u><b>3,394,638</b></u>	<u><b>3,777,815</b></u>

The bank borrowings are denominated in HK\$.

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

## 17. SHARE CAPITAL

	Number of Shares	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
<i>Authorised:</i>		
At 1 January 2014, 31 December 2014 and 31 December 2015	<u>10,000,000,000</u>	<u>1,000,000</u>
<i>Issued and fully paid:</i>		
At 1 January 2014	6,246,719,623	624,672
Placement of Shares ( <i>remark i</i> )	188,000,000	18,800
Issue of Shares as a part of Directors' reward shares ( <i>remark ii</i> )	<u>14,541,747</u>	<u>1,454</u>
At 31 December 2014	6,449,261,370	644,926
Repurchase and cancellation of Shares ( <i>remark iii</i> )	(97,042,000)	(9,704)
Issue of Shares as a part of Directors' reward shares ( <i>remark ii</i> )	<u>14,541,750</u>	<u>1,454</u>
<b>At 31 December 2015</b>	<b><u>6,366,761,120</u></b>	<b><u>636,676</u></b>

### *Remarks:*

- (i) 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 of the Company (the "Placing Shares") to certain independent professional, institutional and other investors (the "Placees") at HK\$7.25 per Share. On the same date, All Landmark also entered into a conditional subscription agreement with the Company for the subscription of 188,000,000 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.

- (ii) On each of 31 December 2014 and 31 December 2015, the Company issued 14,541,747 Shares and 14,541,750 Shares, respectively, pursuant to the service contracts or letter of appointment dated 5 June 2013 entered into between the Company and each of Mr David Chow, Mr Sheldon Trainor-DeGirolamo and Mr Tong Ka Wing, Carl.

(iii) During the year ended 31 December 2015, the Company repurchased its own Shares through the Stock Exchange as follows:

Month of repurchase	Number of Shares repurchased '000	Price per Share		Aggregate consideration paid (including transaction costs) HK\$'000
		Highest HK\$	Lowest HK\$	
August 2015	5,300	1.61	1.51	8,250
September 2015	74,000	1.19	1.08	84,085
November 2015	10,531	1.10	1.03	11,009
December 2015	<u>7,211</u>	1.06	1.00	<u>7,467</u>
	<u>97,042</u>			<u>110,811</u>

## 18. OPERATING LEASE COMMITMENTS

### The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments in respect of land, office properties, warehouse and staff quarters rented under non-cancellable operating leases which fall due as follows:

	2015 HK\$'000	2014 HK\$'000
Within one year	23,062	62,420
In the second to fifth year inclusive	13,203	15,542
Over five years	<u>18,567</u>	<u>—</u>
	<u>54,832</u>	<u>77,962</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. Lease term of leasehold land in Cape Verde is negotiated for a term of 75 years at a fixed rental and is subject to review on an annual basis. Leases for office properties, warehouse and staff quarters are negotiated for an average term of two years and rentals are fixed for an average term of two years.



## The Group as lessor

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within one year	116,564	133,081
In the second to fifth year inclusive	273,713	308,492
Over five years	<u>149,568</u>	<u>200,772</u>
	<u><u>539,845</u></u>	<u><u>642,345</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 during both years presented.

## 19. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had capital commitments in respect of the acquisition of property and equipment and construction in progress which are contracted for but not provided of HK\$897,219,000 (2014: HK\$773,871,000).

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 HK\$27,695,000 (2014: HK\$36,621,000); (ii) the MFW Redevelopment of HK\$5,972,405,000 (2014: HK\$6,877,337,000); and (iii) Project Cape Verde of HK\$1,998,108,000 (2014: Nil).

## 20. CONTINGENT LIABILITIES

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

- (i) Pursuant to the amendment in the Service Agreement on 16 December 2011, in the event of any non-payment by the gaming promoters or any failure to fulfill their obligations relating to gaming promotion agreements as entered into with SJM and gaming promoters, the Group undertakes to reimburse SJM for any loss caused by such misconduct of the gaming promoters as well as any possible legal costs associated with litigation. There are no such claims from SJM during the years ended 31 December 2015 and 2014.
- (ii) MFW Investment initiated repossession proceedings against a former tenant at MFW with rental arrears in dispute of MOP89,008,000 (equivalent to approximately HK\$86,416,000) in 2009. The former tenant initiated a counterclaim from MFW Investment an amount of MOP90,728,000 (equivalent to approximately HK\$88,085,000) in 2009 for alleging breach of undertakings pursuant to a memorandum of understanding on 19 October 2006 and an escrow undertaking letter on 5 September 2008, as well as seeking compensation for amounts spent on improvements to the premises. The Macau Court of First Instance dismissed the counterclaim from the former tenant on 29 April 2013 and the former tenant was condemned to pay MFW Investment the amount of MOP67,151,000 (equivalent to approximately HK\$65,195,000) as principal and the respective

interests to be computed. The former tenant appealed against such decision and the case was sent to the Macau Court of Second Instance, which made decision in favour of MFW Investment on 18 February 2016. The former tenant appealed against the decision of the Macau Court of Second Instance in March 2016 and the case was sent to the Macau Last Instance Court. The Directors believe the aforementioned case would not result in any material adverse effects on the financial position of the Group as at 31 December 2015. Accordingly, no provision has been made in the consolidated financial statements.

- (iii) 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 MOP23,709,000 (equivalent to approximately HK\$23,018,000) and MFW Investment counterclaimed an amount of MOP14,451,000 (equivalent to approximately HK\$14,030,000) for defective construction work carried out by the contractor. In April 2010, the Macau Court of First Instance dismissed all claims from the contractor and awarded MOP462,000 (equivalent to approximately HK\$449,000) to MFW Investment. The contractor did not agree to the court's judgement and appealed to the Macau Court of Second Instance. The Macau Court of Second Instance dismissed the appeal from the contractor and agreed to award MFW Investment the amount of damages. The contractor lodged an appeal to the Macau Last Instance Court but it did not submit the legal arguments. The Directors believe the aforementioned case would not result in any material adverse effects on the financial position of the Group as at 31 December 2015. Accordingly, no provision has been made in the 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.

## **21. CONSOLIDATION OF NEW LEGEND**

Further to the disclosures in the Prospectus and the Company's announcement dated 31 December 2013, the Company diversified its business and has indirectly participated in the gaming promotion business through New Legend under the VIE Structure. The Group obtained all required approvals from regulatory authorities and independent shareholders of the Company during the year ended 31 December 2014 and has had control over the gaming promotion business of New Legend and rights to consolidate the financial results of New Legend since 3 July 2014 as if it was the Group's wholly-owned subsidiary, which allows the economic benefit of New Legend's business to flow to the Group.

Mr Frederick Yip, the sole shareholder of New Legend, did not and will not receive any consideration in relation to the entering of the VIE Structure with the Company.

The assets and liabilities of New Legend on 3 July 2014 recognised by the Group:

	<b>Fair value</b> <i>HK\$'000</i>
Trade and other receivables	216,979
Intangible assets	317,567
Bank balances and cash	52,794
Trade and other payables	(287,340)
Other borrowings	(300,000)

**Fair value**  
*HK\$'000*

Inflow of cash and cash equivalents in respect of the consolidation of New Legend:

Bank balances and cash acquired	<u>52,794</u>
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In the opinion of the Directors, the fair values of the receivables acquired (which principally comprised trade and other receivables) approximate to the gross contractual amounts based on the estimation of the contractual cash flows of the receivables which are expected to be collected on the date of the consolidation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview of Results

For the year ended 31 December 2015, the Group achieved a total reported revenue of approximately HK\$1,436.1 million, representing a decrease of approximately HK\$375.0 million or approximately 20.7% over that of the year ended 31 December 2014 of approximately HK\$1,811.1 million. Breakdown of the Group's reported revenue for the years ended 31 December 2015 and 2014 is as follows:

	For the year ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Gaming services:		
— Pharaoh's Palace Casino		
— Mass market tables	594,270	961,313
— VIP tables		
— Self-run (New Legend)	106,474	53,076
— Outsourced	35,219	117,783
— Slot machines	8,478	8,538
	<u>744,441</u>	<u>1,140,710</u>
— Babylon Casino		
— Mass market tables	117,235	133,465
— VIP tables		
— Self-run (New Legend)	35,607	5,115
— Slot machines	118	695
	<u>152,960</u>	<u>139,275</u>
<i>Sub-total for gaming services</i>	<u>897,401</u>	<u>1,279,985</u>
Non-gaming operations:		
— The Landmark Macau	223,961	325,345
— MFW	314,781	205,782
	<u>538,742</u>	<u>531,127</u>
<i>Sub-total for non-gaming operations</i>	<u>538,742</u>	<u>531,127</u>
<b>Total reported revenue</b>	<u><u>1,436,143</u></u>	<u><u>1,811,112</u></u>

For the year ended 31 December 2015, gaming revenue and non-gaming revenue of the Group decreased by approximately 29.9% to approximately HK\$897.4 million and increased by approximately 1.4% to approximately HK\$538.7 million, respectively, when compared to the year ended 31 December 2014. The decrease in gaming revenue was primarily due to the decrease in reported revenue from mass market tables of approximately HK\$383.3 million and outsourced VIP tables of approximately HK\$82.6 million, which was offset by the reported revenue contributed by New Legend, self-run VIP operation of the Group, of approximately HK\$142.1 million for the year ended 31 December 2015.

The increase in non-gaming revenue was primarily due to the revenue of approximately HK\$115.2 million for the year ended 31 December 2015 contributed by Harbourview Hotel at MFW, which has commenced its operation since 2 February 2015. Such revenue was offset by the decrease in revenue generated at The Landmark Macau of approximately HK\$101.4 million which was mainly due to the decrease in income from hotel rooms, food and beverage businesses, and building management services of the hotel.

Adjusted EBITDA for the year ended 31 December 2015 was approximately HK\$268.3 million, representing a decrease of approximately HK\$491.9 million or approximately 64.7% over that of the year ended 31 December 2014 of approximately HK\$760.3 million excluding the Pre-consolidation Profit (as defined below) of New Legend in 2014. The following table reconciles Adjusted EBITDA to the profit (loss) attributable to owners of the Company.

For the year ended 31 December

	2015			2014		
	The Group excluding MFW Group HK\$'000	MFW Group HK\$'000	Consolidated HK\$'000	The Group excluding MFW Group HK\$'000	MFW Group HK\$'000	Consolidated HK\$'000
Profit (loss) attributable to owners of the Company	81,389	(349,897)	(268,508)	634,406	(155,465)	478,941
Adjustments for:						
Finance costs	—	84,749	84,749	16,653	72,224	88,877
Depreciation of investment properties	3,841	7,715	11,556	3,841	4,237	8,078
Depreciation of property and equipment	103,410	129,442	232,852	97,910	67,720	165,630
Release of prepaid lease payments	11,734	41,729	53,463	11,733	40,349	52,082
Amortisation of other intangible assets	33,168	—	33,168	15,356	—	15,356
Loss on disposal of property and equipment	18	84	102	1,184	19,934	21,118
Share-based payments	12,718	—	12,718	33,524	—	33,524
Exchange loss (gain) arising from non-operating activities (remark i)	20,988	96,822	117,810	76,851	(8,338)	68,513
Pre-opening expenses (remark ii)	73,885	9,674	83,559	—	24,084	24,084
Interest income	(34,345)	(53,802)	(88,147)	(55,198)	(54,074)	(109,272)
Tax charge (credit)	1,650	(6,629)	(4,979)	1,650	(6,629)	(4,979)
<b>Adjusted EBITDA</b>	<b>308,456</b>	<b>(40,113)</b>	<b>268,343</b>	<b>837,910</b>	<b>4,042</b>	<b>841,952</b>

Remarks:

- (i) Included in the exchange loss (gain) arising from non-operating activities of the Group for the year ended 31 December 2015 is realised exchange loss arising from conversion of RMB deposits into HK\$ of approximately HK\$117.5 million (2014: unrealised exchange loss arising from retranslation of RMB deposits into HK\$ of approximately HK\$67.9 million).
- (ii) Pre-opening expenses represent mainly staff related costs, marketing and other administrative expenses incurred prior to the opening of new or expanded operations of the Group for the relevant periods.

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

	For the year ended 31 December					
	2015			2014		
	The Group excluding MFW Group HK\$'000	MFW Group HK\$'000	Consolidated HK\$'000	The Group excluding MFW Group HK\$'000	MFW Group HK\$'000	Consolidated HK\$'000
Gaming services	384,378	(31,185)	353,193	848,077	14,163	862,240
For this period	384,378	(31,185)	353,193	766,378	14,163	780,541
Pre-consolidation Profit of New Legend ( <i>remark</i> )	—	—	—	81,699	—	81,699
Non-gaming operations	(28,129)	(8,928)	(37,057)	46,483	(10,121)	36,362
Sub-total	356,249	(40,113)	316,136	894,560	4,042	898,602
Unallocated corporate expenses	(47,793)	—	(47,793)	(56,650)	—	(56,650)
<b>Adjusted EBITDA</b>	<b>308,456</b>	<b>(40,113)</b>	<b>268,343</b>	<b>837,910</b>	<b>4,042</b>	<b>841,952</b>

Adjusted EBITDA from gaming services decreased by approximately 54.8% to approximately HK\$353.2 million for the year ended 31 December 2015 from approximately HK\$780.5 million for the year ended 31 December 2014 excluding the Pre-consolidation Profit of New Legend. Adjusted EBITDA from operations of the Group excluding MFW Group and unallocated corporate expenses, mainly arising from the operations at The Landmark Macau, decreased by approximately 56.2% to approximately HK\$356.2 million for the year ended 31 December 2015 from approximately HK\$812.9 million for the year ended 31 December 2014 excluding the Pre-consolidation Profit of New Legend.

*Remark:* Pursuant to the transfer of profit and loan agreement, one of the agreements for the VIE Structure, New Legend agreed to, among others, transfer to Hong Hock all profits accrued by New Legend for the period from its commencement of business until the establishment of the VIE Structure (the “Pre-consolidation Period”). The VIE Structure was established on 3 July 2014 and the Group has since then consolidated the results of New Legend. New Legend recorded a net profit of approximately HK\$81.7 million in the Pre-consolidation Period (the “Pre-consolidation Profit”) which was transferred to the Group and was recognised as profit (and Adjusted EBITDA) of the gaming services of the Group in the year ended 31 December 2014.

The Group’s loss for the year ended 31 December 2015 was approximately HK\$268.5 million while the Group recorded a profit of approximately HK\$478.9 million for the year ended 31 December 2014. The loss for the year ended 31 December 2015 was mainly due to (i) a decrease in revenue from gaming services provided by the Group due to a decrease in overall gross gaming revenue generated from the gaming tables in the casinos within the Group’s properties; (ii) an increase in overall operating expenses of the Group, particularly staff costs; (iii) an increase in overall depreciation and amortisation charges, particularly the depreciation of Harbourview Hotel, which has commenced its operations since

2 February 2015, and the amortisation of intangible assets arisen from the consolidation of the financial results of New Legend since 3 July 2014; and (iv) the recognition of net exchange loss as a result of the conversion of RMB into HK\$.

## 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 tables and slot machines.

As at 31 December 2015 and 2014, the Group had the following number of gaming tables and slot machines in its two casinos which were put into operation:

	As at 31 December					
	2015			2014		
	Pharaoh's Palace Casino	Babylon Casino	Total	Pharaoh's Palace Casino	Babylon Casino	Total
Mass market tables	60	32	92	60	21	81
VIP tables	23	12	35	55	6	61
Total gaming tables	<u>83</u>	<u>44</u>	<u>127</u>	<u>115</u>	<u>27</u>	<u>142</u>
Slot machines	156	29	185	161	—	161

As at 31 December 2015, the Group had a total of 179 gaming tables (31 December 2014: 185), of which 127 (31 December 2014: 142) were put into operation.



For the year ended 31 December 2015, the Group recorded approximately HK\$897.4 million revenue from gaming services, representing a decrease of approximately HK\$382.6 million or approximately 29.9% over that of the year ended 31 December 2014 of approximately HK\$1,280.0 million. Breakdown of the Group's revenue from gaming services for the years ended 31 December 2015 and 2014 is as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2015</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Mass market tables:		
— Pharaoh's Palace Casino	<b>594,270</b>	961,313
— Babylon Casino	<b>117,235</b>	133,465
	<u><b>711,505</b></u>	<u>1,094,778</u>
Self-run VIP tables:		
— Pharaoh's Palace Casino	<b>106,474</b>	53,076
— Babylon Casino	<b>35,607</b>	5,115
	<u><b>142,081</b></u>	<u>58,191</u>
Outsourced VIP tables:		
— Pharaoh's Palace Casino	<b>35,219</b>	117,783
	<u><b>177,300</b></u>	<u>175,974</u>
Slot machines:		
— Pharaoh's Palace Casino	<b>8,478</b>	8,538
— Babylon Casino	<b>118</b>	695
	<u><b>8,596</b></u>	<u>9,233</u>
<b>Total revenue from gaming services</b>	<u><b>897,401</b></u>	<u><b>1,279,985</b></u>

The following tables set out certain key operational data of mass market tables, VIP tables and slot machines for the years ended 31 December 2015 and 2014:

*Mass Market Tables*

	<b>Pharaoh's Palace Casino</b>			<b>Babylon Casino</b>		
	<b>For the year ended 31 December</b>			<b>For the year ended 31 December</b>		
	<b>2015</b>	2014	Change	<b>2015</b>	2014	Change
	<b>HK\$'000</b>	HK\$'000	%	<b>HK\$'000</b>	HK\$'000	%
Games drop	<b>4,735,977</b>	5,880,731	(19.5)	<b>1,450,367</b>	1,326,206	9.4
Net win	<b>1,080,491</b>	1,747,842	(38.2)	<b>213,154</b>	242,664	(12.2)
Hold rate	<b>22.81%</b>	29.72%	(6.9)	<b>14.70%</b>	18.30%	(3.6)
Average number of tables	<b>60</b>	60	—	<b>27</b>	22	22.7
Net win per table per day	<b>49</b>	80	(38.8)	<b>22</b>	30	(26.7)

The Group's revenue from mass market tables for the year ended 31 December 2015 was approximately HK\$711.5 million, representing a decrease of approximately HK\$383.3 million or approximately 35.0% over that of the year ended 31 December 2014 of approximately HK\$1,094.8 million. Revenue from mass market tables at Pharaoh's Palace Casino decreased by approximately 38.2% to approximately HK\$594.3 million while revenue at Babylon Casino decreased by approximately 12.2% to approximately HK\$117.2 million. For the year ended 31 December 2015, net win per table per day of mass market tables at Pharaoh's Palace Casino and Babylon Casino decreased by approximately 38.8% to approximately HK\$49,000 and approximately 26.7% to approximately HK\$22,000 over that of the year ended 31 December 2014 of approximately HK\$80,000 and HK\$30,000, respectively.

VIP Tables

	Pharaoh's Palace Casino For the year ended 31 December					Babylon Casino For the year ended 31 December		
	2015 Self-run (New Legend) Outsourced HK\$'000	2015 Self-run (New Legend) HK\$'000	2015 Total HK\$'000	2014 Total HK\$'000	Change %	2015 Self-run (New Legend) HK\$'000	2014 Self-run (New Legend) HK\$'000	Change %
Games turnover	47,669,399	5,945,111	53,614,510	194,390,215	(72.4)	1,329,914	109,590	1,113.5
Net win	1,557,003	200,850	1,757,853	5,981,554	(70.6)	62,701	9,320	572.8
Win percentage	3.27%	3.38%	3.28%	3.08%	0.2	4.71%	8.50%	(3.8)
Average number of tables	32	7	39	61	(36.1)	9	6	50.0
Net win per table per day	133	79	123	269	(54.3)	19	34	(44.1)

The Group's revenue from VIP tables for the year ended 31 December 2015 was approximately HK\$177.3 million, representing an increase of approximately HK\$1.3 million or approximately 0.8% over that of the year ended 31 December 2014 of approximately HK\$176.0 million. During the year ended 31 December 2015, approximately HK\$142.1 million contributed from New Legend through the VIE Structure. Revenue from outsourced VIP tables decreased by approximately HK\$82.6 million or approximately 70.1%. For the year ended 31 December 2015, net win per table per day of VIP tables at Pharaoh's Palace Casino decreased by approximately 54.3% to approximately HK\$123,000 over that of the year ended 31 December 2014 of approximately HK\$269,000. Net win per table per day of VIP tables at Babylon Casino decreased by approximately 44.1% to approximately HK\$19,000 over that of the year ended 31 December 2014 of approximately HK\$34,000. Babylon Casino has commenced its VIP operation since November 2014.

On 3 July 2014, the Group obtained the approval from independent shareholders of the Company at an extraordinary general meeting of the Company for the establishment of the VIE Structure. The VIE Structure allows the Group to indirectly participate in the gaming promotion business and to 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 enhances its market footprint and receives a higher percentage of gross gaming revenue generated by the gaming tables in these VIP rooms. During the year ended 31 December 2015, New Legend contributed a gaming revenue of approximately HK\$142.1 million (the period from 3 July 2014 to 31 December 2014: approximately HK\$58.2 million) to the Group through the VIE Structure. Upon implementation of the VIE Structure, financial results of New Legend have been 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		
	For the year ended 31 December			For the year ended 31 December		
	2015	2014	Change	2015	2014	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Slot handle	<b>765,135</b>	758,957	0.8	<b>4,495</b>	39,939	(88.7)
Net win	<b>28,301</b>	33,891	(16.5)	<b>364</b>	1,671	(78.2)
Hold rate	<b>3.70%</b>	4.47%	(0.8)	<b>8.10%</b>	4.18%	3.9
Average number of slot machines	<b>159</b>	183	(13.1)	<b>29</b>	120	(75.8)
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 and Babylon Casino for the year ended 31 December 2015 decreased by approximately 0.7% to approximately HK\$8.5 million and by approximately 83.0% to approximately HK\$0.1 million, respectively, when compared to the year ended 31 December 2014.

### Investment in Casino Management System

In July 2014, the Group entered into a purchase and licence agreement with Bally Technologies, Inc. ("Bally Technologies", whose shares are listed on the New York Stock Exchange), a global leading supplier of innovative games, table game products, systems, mobile, and iGaming solutions for gaming industry, to provide the Group with the latest casino management system for improving player connectivity, patron loyalty and yield management. These tools will be important components of the Group's strategy to expand its mass gaming business. The casino management system licensed by Bally Technologies is the technology solution of choice for most of the large multi-casino operators in the Asia-Pacific Region. The first phase of the casino management system has been installed and put into operation at Babylon Casino since February 2015. Implementation will be in phases to correspond to the expected expansion of gaming capacities of the Group.

### Grant of Additional Gaming Tables

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

## B. Non-gaming Operations

For the year ended 31 December 2015, the Group recorded a total non-gaming revenue of approximately HK\$538.7 million, representing an increase of approximately HK\$7.6 million or approximately 1.4% over that of the year ended 31 December 2014 of approximately HK\$531.1 million. Out of the total non-gaming revenue, revenue from The Landmark Macau accounted for approximately HK\$224.0 million or approximately 41.6% of the total non-gaming revenue (for the year ended 31 December 2014: approximately HK\$325.3 million or approximately 61.3%); and MFW accounted for approximately HK\$314.8 million or approximately 58.4% of the total non-gaming revenue (for the year ended 31 December 2014: approximately HK\$205.8 million or approximately 38.7%). The increase in the percentage contribution to the Group's revenue by MFW Group was mainly due to the revenue contributed by Harbourview Hotel at MFW, which has commenced its operation since 2 February 2015.

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

	For the year ended 31 December					
	2015			2014		
	The Group excluding MFW Group		Consolidated	The Group excluding MFW Group		Consolidated
	MFW Group	MFW Group	Consolidated	MFW Group	MFW Group	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Rental income from hotel rooms	90,772	105,848	196,620	156,573	26,693	183,266
Licensing income from investment properties	53,151	76,302	129,453	51,821	48,154	99,975
Income from building management services	37,392	23,947	61,339	53,831	21,479	75,310
Food and beverage	38,410	87,399	125,809	57,845	74,271	132,116
Sales of merchandise	—	17,998	17,998	—	32,890	32,890
Others	4,236	3,287	7,523	5,275	2,295	7,570
Total revenue from non-gaming operations	<u>223,961</u>	<u>314,781</u>	<u>538,742</u>	<u>325,345</u>	<u>205,782</u>	<u>531,127</u>

The increase in non-gaming revenue was primarily attributable to the revenue of approximately HK\$115.2 million for the year ended 31 December 2015 contributed by Harbourview Hotel at MFW, which has commenced its operation since 2 February 2015, and such revenue was offset by the decrease in the income from hotel rooms and building management services of The Landmark Macau.

The following table sets out certain key operational data on hotel operations of the Group for the years ended 31 December 2015 and 2014:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2015</b>	2014
<b>The Landmark Macau</b>		
Occupancy rate (%)	<b>67.2</b>	84.6
ADR (HK\$)	<b>1,268.4</b>	1,544.2
REVPAR (HK\$)	<b>852.3</b>	1,306.4
<b>Rocks Hotel</b>		
Occupancy rate (%)	<b>78.4</b>	85.3
ADR (HK\$)	<b>1,148.4</b>	1,457.0
REVPAR (HK\$)	<b>900.3</b>	1,242.8
<b>Harbourview Hotel (opened on 2 February 2015)</b>		
Occupancy rate (%)	<b>65.6</b>	n/a
ADR (HK\$)	<b>933.1</b>	n/a
REVPAR (HK\$)	<b>612.1</b>	n/a

#### *The Landmark Macau*

The occupancy rate of The Landmark Macau for the year ended 31 December 2015 was approximately 67.2%, an approximately 17.4% decrease over that of the year ended 31 December 2014 of approximately 84.6%. For the year ended 31 December 2015, ADR and REVPAR of The Landmark Macau decreased by approximately 17.9% and approximately 34.8%, respectively, when compared to those of the year ended 31 December 2014.

#### *Macau Fisherman's Wharf*

##### **Rocks Hotel**

The occupancy rate of Rocks Hotel for the year ended 31 December 2015 was approximately 78.4%, an approximately 6.9% decrease over that of the year ended 31 December 2014 of approximately 85.3%. For the year ended 31 December 2015, ADR and REVPAR of Rocks Hotel decreased by approximately 21.2% and approximately 27.6%, respectively, when compared to those of the year ended 31 December 2014.

## Harbourview Hotel

Harbourview Hotel was opened on 2 February 2015. The occupancy rate of Harbourview Hotel for the period from its opening to 31 December 2015 was approximately 65.6%. ADR and REVPAR of Harbourview Hotel were approximately HK\$933.1 and approximately HK\$612.1, respectively.

### **C. *Corporate and Business Updates***

#### **(a) *MFW Redevelopment***

##### Harbourview Hotel

Harbourview Hotel, the first new hotel under the MFW Redevelopment, commenced soft opening on 2 February 2015 and had its grand opening on 11 February 2015. With design based on the 18th century Prague architectural style, Harbourview Hotel contributes an additional 389 rooms and 55 suites to the tourism market of the Macau Peninsula. The hotel is connected via footbridges to the adjacent Babylon Casino.

##### Legend Palace Hotel

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

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

##### Legendale Hotel

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

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

## Other redevelopment

In addition to the above progress of the three new hotels of the MFW Redevelopment, the Group has also made progress on other projects of the MFW Redevelopment. The table below provides further details on the status of 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>
General entertainment and cultural facility	The dinosaur journey is an entertainment experience bringing the world of dinosaurs to the visitors	The facility is being designed to include fossil exhibits as well as the addition of intellectual, entertaining and interactive elements to provide an exciting visitor experience. Detailed design is significantly developed	2Q 2017
	A newly developed multi-purpose entertainment and performance theatre holding more than 1,000 seats	The design stage is currently revised to follow comments from the Macau government. Submission will be made in May 2016	2Q 2017
Yacht club and public pier for harbour cruises	Further development of the marina to increase the size of its mooring area and inclusion of a yacht club with immigration facilities	Phase 1 — completed in November 2014	
		Phase 2 — further pontoons and wave attenuator wall in design stage incorporating comments from the Macau government	4Q 2016
		Approval of immigration facilities has been obtained from the Macau government with effect from 1 April 2016	



<b>Buildings/Facilities</b>	<b>Brief Description</b>	<b>Progress</b>	<b>Target Completion Date</b>
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 approval for construction from the Macau government has been obtained. Construction commenced in 4Q 2015	1Q 2016
		For the canopy on Main Boulevard, design has been completed and approval for construction from the Macau government has been obtained. Construction commenced in February 2016	3Q 2016

(b) *Project Cape Verde*

On 22 July 2015, the Company entered into agreements with the Government of Cape Verde for Project Cape Verde, with an investment amount of approximately €250 million (equivalent to approximately HK\$2,150 million). The lease of the designated land for Project Cape Verde is 75 years. The Group has been granted a 25 years gaming concession on Santiago Island (of which the first 15 years is on an exclusive basis). In addition, the Group has been granted an exclusive nationwide operation of online gaming, physical and online sports betting for a period of 10 years from the commencement of operation of the online gaming business by the Group in Cape Verde. Further details of Project Cape Verde are set out in the Company's announcement dated 22 July 2015.

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

(c) *Cooperation with Dynam*

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), on 23 August 2013 in respect of opportunities for business cooperation between the two groups. The terms of the MOU have been extended and further extended with an expiry date of 23 February 2015. The Company and Dynam have not concluded or entered into any definitive agreement before the expiry of the MOU, and the MOU expired on 23 February 2015. Further details of the expiry of the MOU are set out in the Company’s announcement dated 24 February 2015.

## **Outlook**

On 8 February 2016, the Company held a ground-breaking ceremony for Project Cape Verde with the honorary attendance of the Prime Minister of the Republic of Cape Verde and over 300 representatives and guests from Macau, China and Cape Verde. President of the Republic of Cape Verde also met the senior management team of the Company in Cape Verde and reaffirmed the country’s support to develop Project Cape Verde into an integrated leisure, tourism and entertainment complex.

Project Cape Verde is the first overseas project of the Group. The Group will continue to look for investments in, and development of, integrated resort projects outside Macau. We will focus on Southeast Asian destinations where the “One Road, One Belt” policy from China is supporting new investment in tourism and tourism related infrastructure and will also focus on Portuguese-speaking countries, like Cape Verde, to make good use of the Sino-Portuguese platform for the Group’s business diversification overseas.

Regarding the MFW Redevelopment, we remain firmly committed to the successful completion of the project. Our second new hotel at MFW, Legend Palace Hotel, has an expected construction completion in June 2016 and is expected to provide 223 opulent guest rooms and suites, and an in-house casino to increase the diversity of offerings to enrich MFW’s leisure facilities. This new 5-star integrated hotel and casino will add new luxury hotel, gaming, retail, and food and beverage capacity into the Macau Peninsula market and should allow the Group to be much more competitive in the premium mass and VIP market.

The Group will continue to actively seek opportunities and create new markets for its business expansion so as to maximise value for its shareholders, partners and customers.

## **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 31 December 2015, the consolidated net assets attributable to owners of the Company amounted to approximately HK\$7,093.1 million, representing a decrease of approximately HK\$366.6 million from approximately HK\$7,459.7 million as at 31 December 2014. The decrease in consolidated net assets during the year ended 31 December 2015 was mainly due to the Group's loss for the year of approximately HK\$268.5 million and the reduction in capital of approximately HK\$110.8 million as a result of the share repurchases for the year.

### ***Bank Balances and Cash***

As at 31 December 2015, bank balances and cash held by the Group amounted to approximately HK\$3,245.6 million (including pledged bank deposits of approximately HK\$24.8 million), which was denominated mainly in HK\$ and MOP. Given MOP is pegged to HK\$, the Group considers the exposure to exchange rate risk is nominal for its bank balances and cash denominated in MOP.

The Company completed a global offering with its Shares listed on the Stock Exchange with effect from 5 July 2013 on which the Company raised net proceeds of approximately HK\$2,056.5 million. In addition, the Company completed a top-up placement of 188,000,000 new Shares and raised net proceeds of approximately HK\$1,350.8 million in January 2014. In order to enhance better yield from the portion of the proceeds raised from the global offering and the top-up placement which are not expected to be utilised in the near term, the Group has placed these funds at banks in Macau and Hong Kong as fixed deposits.

In view of the recent volatility of the exchange rate of RMB, the Group resolved to convert its RMB deposits into HK\$, the functional currency of the Group, so as to minimise the Group's exposure to the RMB exchange rate risk. The Group had started to reduce its holding of RMB deposits since late 2014 and up to 31 December 2015, the Group converted all its RMB deposits into HK\$. During the year ended 31 December 2015, the Group has recognised a net exchange loss of approximately HK\$117.5 million as a result of the conversion of RMB into HK\$ in the year. Since such exchange loss was not arisen from operating activities of the Group, it has been excluded from the Group's Adjusted EBITDA for the year ended 31 December 2015.

However, taking into account the cumulative interest income earned of approximately HK\$194.3 million and the net exchange loss recognised of approximately HK\$166.2 million from the Group's investment in RMB, the Group recognised a total net gain of approximately HK\$28.1 million over the whole period of holding the RMB deposits.

As at 31 December 2015, a total of approximately HK\$2,913.9 million had been placed as fixed deposits at banks in Macau with maturities ranging from 1 to 6 months which are mainly in HK\$, at an average annualised interest rate of approximately 1.71%.

### ***Borrowings***

As at 31 December 2015, the Group had outstanding secured and unguaranteed bank borrowings of approximately HK\$3,974.6 million and an unsecured, interest-free and unguaranteed other borrowings of approximately HK\$72.5 million.

In respect of the bank borrowings of approximately HK\$3,974.6 million, the maturity profile was spread over a period of less than 5 years with approximately HK\$580.0 million repayable within one year, approximately HK\$984.2 million repayable in the second year and approximately HK\$2,410.4 million repayable in the third to fifth years. The other borrowings of approximately HK\$72.5 million are repayable within one year.

The Group's bank borrowings carried interest at prevailing market rates and on floating rate basis. In addition, the bank borrowings and the other borrowings as at 31 December 2015 were denominated in HK\$ (the Group's functional currency) and hence the Group does not expect any significant foreign currency exposure in respect of its bank borrowings and other borrowings as at 31 December 2015.

### **Use of Proceeds from the Global Offering and Top-up Placement**

Trading of the Shares on the Stock Exchange commenced on 5 July 2013, and the Group raised net proceeds of approximately HK\$2,056.5 million from the global offering. The Group intends to apply such proceeds in a manner consistent with the intended use of proceeds as disclosed in the Supplemental Prospectus and the announcement made by the Company on 4 July 2013 (the "Announcement"). Details of the intended use of proceeds are set out in the Supplemental Prospectus and the Announcement. Up to 31 December 2015, the Group had applied approximately HK\$1,530.6 million (31 December 2014: approximately HK\$1,257.4 million), approximately HK\$199.7 million (31 December 2014: approximately HK\$199.7 million) and approximately HK\$97.5 million (31 December 2014: approximately 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.

On 16 January 2014, the Group completed a top-up placement of 188,000,000 new Shares and raised net proceeds of approximately HK\$1,350.8 million. The Group intends to apply such net proceeds for financing the MFW Redevelopment and as the Group's general working capital. Up to 31 December 2015, the Group had applied approximately HK\$574.9 million (31 December 2014: approximately HK\$79.8 million) of the net proceeds for financing the MFW Redevelopment.

In order to enhance better yield from the portion of the proceeds raised from the global offering and the top-up placement which are not expected to be utilised in the near term, the Group has placed these funds at banks in Macau and Hong Kong as fixed deposits.

As at 31 December 2015, approximately HK\$228.7 million (31 December 2014: approximately HK\$501.9 million) of the proceeds raised from the global offering, and approximately HK\$775.9 million (31 December 2014: approximately HK\$1,271.0 million) of the proceeds raised from the top-up placement have been placed at banks in Macau as fixed deposits.

## **Charge on the Group's Assets**

As at 31 December 2015, 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\$370.2 million, buildings with a total carrying amount of approximately HK\$2,337.4 million, prepaid lease payments with a total carrying amount of approximately HK\$1,818.7 million, trade receivables of approximately HK\$108.0 million and bank deposits of approximately HK\$24.8 million.

## **Gearing**

The Group's gearing ratio (expressed as a percentage of total borrowings over total equity as at the end of the reporting period) was approximately 57.1% as at 31 December 2015 (31 December 2014: approximately 56.7%). Total borrowings of the Group as at 31 December 2015 decreased by approximately HK\$179.3 million when compared to that as at 31 December 2014 as a result of net repayment of borrowings during the year ended 31 December 2015. On the other hand, total equity of the Group as at 31 December 2015 decreased by approximately HK\$366.6 million when compared to that as at 31 December 2014 mainly due to reduction of capital of approximately HK\$110.8 million and net loss for the year ended 31 December 2015 of approximately HK\$268.5 million. Overall, it resulted in the increase of the Group's gearing ratio by 0.4% to 57.1% as at 31 December 2015.

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

Save as disclosed in this announcement, during the year ended 31 December 2015, 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 31 December 2015 are set out in note 20 to the consolidated financial statements of the Group for the year ended 31 December 2015.

## **Capital Commitments**

As at 31 December 2015, the Group had capital commitments which are authorised but not contracted for in respect of the renovation work of The Landmark Macau, the MFW Redevelopment and Project Cape Verde of approximately HK\$27.7million, approximately HK\$5,972.4 million and approximately HK\$1,998.1 million, respectively. In addition, as at 31 December 2015, the Group had capital commitments in respect of acquisition of property and equipment, and construction in progress which are contracted but not provided for of approximately HK\$897.2 million.

## Employees and Remuneration Policies

As at 31 December 2015, the Group had a total of approximately 3,210 employees, including approximately 1,330 gaming operation employees who are employed and paid by SJM but over whom the Group exercised oversight in accordance with the Service Agreement. The Group reimbursed SJM in full for the salaries and other benefits of these gaming operation employees.

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

## PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, the Company repurchased a total of 97,042,000 Shares on the Stock Exchange at an aggregate consideration of approximately HK\$110,811,000 (including transaction costs). Details of the repurchases are as follows:

Month of repurchase	Number of Shares repurchased	Price per Share		Aggregate consideration paid (including transaction costs)
		Highest HK\$	Lowest HK\$	HK\$'000
August 2015	5,300,000	1.61	1.51	8,250
September 2015	74,000,000	1.19	1.08	84,085
November 2015	10,531,000	1.10	1.03	11,009
December 2015	<u>7,211,000</u>	1.06	1.00	<u>7,467</u>
	<u>97,042,000</u>			<u>110,811</u>

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

Saved as disclosed above, neither the Company nor any of its subsidiaries sold or redeemed any of its listed securities during the year ended 31 December 2015.



## **CORPORATE GOVERNANCE**

### **Compliance with 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. During the year ended 31 December 2015, the Company has complied with the CG Code except for code provision A.2.1.

#### ***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 ANNUAL RESULTS**

The Group's consolidated financial statements for the year ended 31 December 2015 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.

## **SCOPE OF WORK OF MESSRS DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in this preliminary announcement have been agreed by the Company's auditor, Messrs Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs Deloitte Touche Tohmatsu on the preliminary announcement.

## 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, amortisation, gain/loss on disposal of property and equipment, exchange gain/loss arising from non-operating activities, share-based payments, pre-opening expenses and one-off costs incurred or associated with corporate exercises, where applicable
“ADR”	average daily room rate
“All Landmark”	All Landmark Properties Limited, a controlled corporation of Mr David Chow
“Board”	the board of Directors
“Cape Verde”	the Republic of Cabo Verde
“CG Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
“Company”	Macau Legend Development Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“DICJ”	Direcção de Inspeção e Coordenação de Jogos, the Gaming Inspection and Coordination Bureau in Macau
“Directors”	the directors of the Company
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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, and consolidated as a subsidiary of the Company under the VIE Structure
“Project Cape Verde”	the project of developing an integrated leisure, tourism and entertainment complex in Praia, the capital city of Cape Verde
“Prospectus”	the prospectus of the Company dated 17 June 2013
“REVPAR”	revenue per available room
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“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
“€”	Euro, the lawful currency of the European Union
“%”	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, 23 March 2016

*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*