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 2013

RESULTS

The board of directors (the "Board") of Macau Legend Development Limited (the "Company") announces the audited consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
REVENUE	*4*	**1,763,754**	1,501,088
Cost of sales and services		**(777,179)**	(664,672)
		986,575	836,416
Other income, gains and losses	*6*	**62,695**	36,057
Marketing and promotional expenses		**(44,156)**	(45,587)
Operating, administrative and other expenses		**(439,593)**	(232,788)
Finance costs	*7*	**(58,971)**	(62,862)
PROFIT BEFORE TAXATION	*8*	**506,550**	531,236
Taxation credit	*9*	**3,329**	4,105
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR, ATTRIBUTABLE TO OWNERS OF THE COMPANY		**509,879**	535,341
Earnings per share			
Basic (HK cents)	*11*	**8.9**	11.8
Diluted (HK cents)	*11*	**8.8**	11.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	As at 31 December 2013 HK$'000	As at 31 December 2012 HK$'000
NON-CURRENT ASSETS			
Investment properties		**256,984**	265,062
Property and equipment		**2,541,763**	2,283,953
Prepaid lease payments		**1,775,186**	1,778,366
Goodwill		**681,986**	681,986
Deposits paid for acquisition of property and equipment		**—**	5,031
		5,255,919	5,014,398
CURRENT ASSETS			
Inventories		**40,994**	27,732
Prepaid lease payments		**51,290**	49,969
Trade and other receivables	*12*	**605,057**	466,590
Amounts due from directors		**—**	1,971,753
Amounts due from shareholders		**—**	238,265
Amounts due from related companies		**518**	19,903
Pledged bank deposits		**20,581**	20,581
Bank balances and cash			
— Cash at banks and on hand	*13*	**1,006,527**	112,117
— Short term bank deposits with maturity over three months	*13*	**832,520**	—
		2,557,487	2,906,910
CURRENT LIABILITIES			
Trade and other payables	*14*	**619,264**	541,227
Taxation		**1,650**	—
Amount due to a director		**—**	3,556
Amounts due to related companies		**25**	105,562
Bank borrowings — due within one year		**355,802**	333,802
Other financial liabilities		**—**	10,052
		976,741	994,199
NET CURRENT ASSETS		**1,580,746**	1,912,711

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 31 December 2013

	Note	**As at 31 December 2013** *HK$'000*	As at 31 December 2012 *HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,836,665**	6,927,109
NON-CURRENT LIABILITIES			
Bank borrowings — due after one year		**1,048,723**	1,404,525
Deferred tax liability		**191,465**	198,094
		1,240,188	1,602,619
NET ASSETS		**5,596,477**	5,324,490
CAPITAL AND RESERVES			
Share capital	*15*	**624,672**	522,672
Reserves		**4,971,805**	4,801,818
Equity attributable to owners of the Company		**5,596,477**	5,324,490

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. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company in Macau is 21/F, Macau Landmark Building, 555 Avenida da Amizade, Macau.

The Group is the owner of entertainment and casino gaming facilities and leisure complex in Macau. The Company was incorporated to operate the business in the complex namely The Landmark Macau. In May 2012, the Group acquired 100% of the issued capital of Macau Fisherman's Wharf International Investment Limited ("MFW Investment"), which operates Macau Fisherman's Wharf ("MFW"), a waterfront integrated gaming, hotel, convention and entertainment complex located on the outer harbour of the Macau Peninsula.

On 5 July 2013, 934,827,000 ordinary shares of the Company of HK$0.1 each were issued at HK$2.35 per share for cash through an initial public offering by way of Hong Kong public offer and international placing. Details of the issue of shares are set out in the prospectus of the Company dated 17 June 2013 (the "Prospectus") and the supplemental prospectus of the Company dated 26 June 2013 (the "Supplemental Prospectus") respectively. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 5 July 2013 (the "Listing").

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (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 Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

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

In the current year, the Group has applied, for the first time, the new and revised HKFRSs issued by the HKICPA that are mandatorily effective for the current year.

The application of the new and revised HKFRSs 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:

Amendments to HKFRS	Annual improvements to HKFRSs 2010–2012 cycle[4]
Amendments to HKFRS	Annual improvements to HKFRSs 2011–2013 cycle[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
HKFRS 9	Financial instruments[3]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
HK(IFRIC)–INT 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

3 Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

The directors of the Company (the "Directors") anticipate that the application of these new and revised HKFRSs will have no material impact on the Group's financial performance and positions and/or on the disclosures set out in these consolidated financial statements.

4. REVENUE

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

	2013	2012
	HK$'000	*HK$'000*
Revenue from provision of gaming related facilities and gaming related general management services under the Service Agreement (as defined below) in respect of:		
— Mass market tables	**1,140,459**	984,461
— VIP rooms	**127,386**	110,810
— Slot machines	**10,815**	16,171
	1,278,660	1,111,442
Revenue from non-gaming operations:		
— Rental income from hotel rooms	**143,588**	135,093
— Licensing income from investment properties	**72,299**	48,948
— Income from building management services	**62,963**	42,928
— Food and beverage	**158,870**	132,692
— Sales of merchandise	**40,150**	22,506
— Others	**7,224**	7,479
	485,094	389,646
	1,763,754	1,501,088

5. SEGMENT INFORMATION

The executive directors of the Company (the "Executive Directors") have been identified as the chief operating decision marker. The Executive Directors review the Group's internal reports in order to assess performance and allocate resources.

For provision of gaming related facilities and gaming related general management services, the Executive Directors regularly analyse gaming related revenue in terms of service income from mass market tables, VIP rooms and slot machines. No operating result or discrete financial information is presented to the Executive Directors in relation to the above analysis. The Executive Directors review separately the entire revenues and operating results attributable to gaming related services and non-gaming operations. As such, the Executive Directors have identified the operating and reportable segments under HKFRS 8 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 dated 25 September 2006 and its related amendments (collectively the "Service Agreement") entered into between Hong Hock Development Company Limited ("Hong Hock"), a wholly-owned subsidiary of the Company, and gaming operator, Sociedade de Jogos de Macau, S.A. ("SJM"), whereby the revenue is derived based on net gaming wins.

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.

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 2013

	Gaming *HK$'000*	**Non-gaming** *HK$'000*	**Segment total** *HK$'000*	**Elimination** *HK$'000*	**Consolidated** *HK$'000*
External revenue	**1,278,660**	**485,094**	**1,763,754**	**—**	**1,763,754**
Inter-segment revenue	**—**	**52,540**	**52,540**	**(52,540)**	**—**
Segment revenue	**1,278,660**	**537,634**	**1,816,294**	**(52,540)**	**1,763,754**
Segment profit	**865,865**	**20,792**	**886,657**	**—**	**886,657**
Unallocated depreciation and release of prepaid lease payments					**(67,434)**
Unallocated corporate expenses					**(148,989)**
Listing expenses					**(104,713)**
Finance costs					**(58,971)**
Profit before taxation					**506,550**

For the year ended 31 December 2012

	Gaming	Non-gaming	Segment total	Elimination	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
External revenue	1,111,442	389,646	1,501,088	—	1,501,088
Inter-segment revenue	—	57,785	57,785	(57,785)	—
Segment revenue	1,111,442	447,431	1,558,873	(57,785)	1,501,088
Segment profit	704,593	1,150	705,743	—	705,743
Unallocated depreciation and release of prepaid lease payments					(37,112)
Unallocated corporate expenses					(63,033)
Listing expenses					(11,500)
Finance costs					(62,862)
Profit before taxation					531,236

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 and release of prepaid lease payments arising from the fair value adjustments on acquisition of MFW Investment and its subsidiaries (collectively referred to as the "MFW Group") and unallocated common area in MFW, corporate expenses, finance costs and listing expenses. Corporate expenses include directors' remuneration paid or payable by the Company and certain administrative expenses for corporate use. This is the measure reported to the Executive Directors for the purposes of resource allocation and performance assessment.

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

Other segment information:

For the year ended 31 December 2013

	Gaming	**Non-gaming**	**Unallocated**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Amounts included in measure of segment profit:				
Depreciation of property and equipment	**21,258**	**66,546**	**30,645**	**118,449**
Depreciation of investment properties	**—**	**6,485**	**1,593**	**8,078**
Release of prepaid lease payments	**—**	**15,543**	**35,196**	**50,739**
Reversal of allowance for inventories	**—**	**(11,680)**	**—**	**(11,680)**
Reversal of allowance for bad and doubtful debts	**—**	**(1,844)**	**—**	**(1,844)**
Loss on disposal of property and equipment	**4,718**	**1,854**	**—**	**6,572**

For the year ended 31 December 2012

	Gaming	Non-gaming	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts included in measure of segment profit:				
Depreciation of property and equipment	25,791	57,409	14,021	97,221
Depreciation of investment properties	—	5,234	1,227	6,461
Release of prepaid lease payments	133	12,898	21,864	34,895
Allowance for inventories	—	6,311	—	6,311
Allowance for bad and doubtful debts	—	1,216	—	1,216

6. OTHER INCOME, GAINS AND LOSSES

	2013	2012
	HK$'000	*HK$'000*
Bank interest income	**25,367**	2,173
Credit card commission income	**284**	1,051
Management fee income from directors	**5,078**	12,188
Net foreign exchange gain	**15,874**	1,231
Loss on disposal of property and equipment	**(6,572)**	—
Reversal of allowance (allowance) for bad and doubtful debts	**1,844**	(1,216)
Reversal of overprovision of construction cost	**—**	13,152
Others	**20,820**	7,478
	62,695	36,057

7. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**58,971**	62,862

8. PROFIT BEFORE TAXATION

	2013	2012
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**1,900**	1,962
Listing expenses	**104,713**	11,500
Staff costs		
Directors' remuneration	**94,125**	35,687
Other staff costs		
— salaries and other benefits	**278,620**	195,000
— contributions to retirement benefits schemes	**588**	723
	373,333	231,410
Depreciation of investment properties	**8,078**	6,461
Depreciation of property and equipment	**118,449**	97,221
Release of prepaid lease payments	**50,739**	34,895
Operating lease rentals in respect of leasehold land and buildings	**10,122**	6,366
(Reversal of allowance) allowance for inventories	**(11,680)**	6,311
Cost of inventories recognised as an expense	**76,626**	59,972
Gross licensing income from investment properties	**(72,299)**	(48,948)
Less: Direct operating expenses that generate licensing income	**8,078**	6,461
Net licensing income	**(64,221)**	(42,487)

9. TAXATION CREDIT

	2013	2012
	HK$'000	*HK$'000*
Current tax charge	**(3,300)**	—
Deferred taxation credit	**6,629**	4,105
Income tax credit	**3,329**	4,105

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 the relevant group entities either incurred tax losses or had estimated assessable profits fully absorbed by tax losses brought forward from prior years.

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

Pursuant to the Dispatch of the Macau Financial Services Bureau dated 28 June 2013, Hong Hock is allowed to pay an annual lump sum dividend withholding tax of MOP1,700,000 (equivalent to approximately HK$1,650,000) for each of the years ended 31 December 2012 through to 2016 as payment in lieu of Macau Complementary Tax otherwise due by the shareholders of Hong Hock on dividend distributions from gaming profits generated in relation to the operation of the casinos at The Landmark Macau and MFW. Such annual lump sum tax payments are required regardless of whether dividends were actually distributed or whether Hong Hock has distributable profits in the relevant years. During the year ended 31 December 2013, provision for taxation of HK$3,300,000 has been made.

10. DIVIDEND

Interim dividend (prior to the Listing)

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

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

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

Final dividend

The Directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2013.

11. EARNINGS PER SHARE

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

Earnings

	2013	2012
	HK$'000	*HK$'000*
Profit for the year for the purposes of basic and diluted earnings per share	**509,879**	535,341

Number of shares

	2013	2012
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**5,732,471**	4,520,315
Effect of dilutive potential ordinary shares		
— Share options	**9,251**	—
— Directors' reward shares	**25,099**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**5,766,821**	4,520,315

During the year ended 31 December 2012, the calculation of diluted earnings per share did not assume the exercise of the Company's share options and shares awarded to the Directors since the effect was insignificant.

12. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**131,083**	175,797
Less: Allowance for doubtful debts	**(14)**	(4,176)
	131,069	171,621
Other receivables and deposits	**27,304**	8,985
Prepayments	**9,181**	13,352
Receivables from gaming operator received on behalf of gaming promoters	**401,775**	272,632
Amount due from a gaming promoter	**35,728**	—
Total trade and other receivables	**605,057**	466,590

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

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

	2013	2012
	HK$'000	*HK$'000*
Within 3 months	**120,334**	107,609
Over 3 months but within 6 months	**802**	2,625
Over 6 months but within 1 year	**1,452**	1,857
Over 1 year	**8,481**	59,530
	131,069	171,621

13. 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 average interest at 2.90% (2012: 0.01%) per annum. As at 31 December 2013, short-term bank deposits with maturity over three months carry average fixed interest at 3.6% per annum.

14. TRADE AND OTHER PAYABLES

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

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**74,973**	78,711
Deposits received from tenants	**41,636**	36,049
Accrued staff costs	**87,887**	69,692
Other accruals	**23,010**	31,630
Other payables	**45,667**	33,152
Amounts due to gaming promoters	**346,091**	291,993
Total trade and other payables	**619,264**	541,227

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.

	2013	2012
	HK$'000	*HK$'000*
Within 3 months	**38,620**	40,767
Over 3 months but within 6 months	**49**	411
Over 6 months but within 1 year	**138**	798
Over 1 year	**36,166**	36,735
	74,973	78,711

15. SHARE CAPITAL

	Number of shares	Share capital
		HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2012 and 31 December 2012	7,164,299,563	716,430
Increase on 5 June 2013 *(remark i)*	2,835,700,437	283,570
At 31 December 2013	**10,000,000,000**	**1,000,000**
Issued and fully paid:		
At 1 January 2012	3,391,846,468	339,185
Issue of shares as consideration for acquisition of subsidiaries	1,834,873,063	183,487
At 31 December 2012	5,226,719,531	522,672
Issue of shares *(remark ii)*	70,631,345	7,063
Issue of shares in connection with the Listing *(remark iii)*	934,827,000	93,483
Issue of shares as a part of directors' reward shares *(remark iv)*	14,541,747	1,454
At 31 December 2013	**6,246,719,623**	**624,672**

Remarks:

(i) On 5 June 2013, the shareholders of the Company passed the resolution that the authorised ordinary share capital be increased from HK$716,430,000, divided into 7,164,299,563 ordinary shares of a nominal value of HK$0.10 each, to HK$1,000,000,000, divided into 10,000,000,000 ordinary shares of a nominal value of HK$0.10 each, by the creation of an additional 2,835,700,437 ordinary shares.

(ii) On 15 May 2013, the Company issued 70,631,345 ordinary shares to PacBridge Capital Partners (HK) Limited. The shares issued formed part of the advisory fees payable by the Company to PacBridge Capital Partners (HK) Limited in respect of the provision of corporate finance advisory services in connection with the Listing.

(iii) On 5 July 2013, the Company issued 934,827,000 ordinary shares at HK$2.35 per share for cash through an initial public offering by way of Hong Kong public offer and international placing and the Company's shares were listed on the Main Board of the Stock Exchange with effect from 5 July 2013.

(iv) On 31 December 2013, the Company issued 14,541,747 ordinary shares pursuant to the service contracts or letter of appointment, where appropriate, 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.

16. OPERATING LEASE COMMITMENTS

The Group as lessee

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

	2013	2012
	HK$'000	*HK$'000*
Within one year	**53,804**	48,708
In the second to fifth year inclusive	**48,826**	91,012
	102,630	139,720

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

	2013	2012
	HK$'000	*HK$'000*
Within one year	**99,641**	70,905
In the second to fifth year inclusive	**265,993**	187,381
Over five years	**97,903**	83,355
	463,537	341,641

Operating lease income represents licensing income receivable by the Group from its owned premises and 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.

17. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had capital commitments in respect of the acquisition of property and equipment and construction in progress which are contracted but not provided for in the amount of HK$251,257,000 (2012: HK$20,227,003).

At the end of the reporting period, the Group had capital commitments which are authorised but not contracted for in respect of (i) renovation work of The Landmark Macau of approximately HK$231,189,000 (2012: HK$429,000,000); and (ii) redevelopment plan of MFW ("MFW Redevelopment") of approximately HK$7,856,560,000 (2012: HK$6,630,262,000).

18. CONTINGENT LIABILITIES

In connection with the gaming related services, the Group undertook the following:

(i) Pursuant to the amendment in the Service Agreement on 16 December 2011, in the event of any non-payment by the gaming promoters or any failure to fulfill their obligations related to gaming promotion agreements as entered with SJM and gaming promoters, the Group undertakes to reimburse SJM for any loss caused by such misconduct of the gaming promoters as well as any possible legal costs associated with litigation. There are no such claims from SJM during the years ended 31 December 2013 and 2012.

(ii) Pursuant to a revolving credit facility agreement dated 16 December 2011, a gaming promoter, The Company LORE Limited ("TCL") has borrowed HK$300 million from SJM to purchase rolling chips to be used in the VIP room at the Legend Club and must repay all borrowed amounts by 16 December 2012, unless otherwise agreed. The Group has provided a guarantee to SJM under the revolving credit facility agreement. If TCL defaults on any payments or breaches any of its obligations under the agreement, the Group is liable to SJM and SJM is entitled to withhold monthly service income or deduct outstanding amounts from the monthly service income payable to the Group under the Service Agreement. On 16 December 2012, another agreement was entered by SJM and TCL to extend the revolving credit facility with the same guarantee by the Group to SJM for one more year. As at 31 December 2012, the borrowings of HK$300 million were fully utilised by TCL and remained outstanding. On 3 July 2013, TCL repaid the borrowings of HK$300 million to SJM and the guarantee by the Company was released accordingly.

(iii) Prior to acquisition by the Group, 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. During the year ended 31 December 2013, the Macau Court of First Instance dismissed the counterclaim from the former tenant and the former tenant was condemned to pay MFW Investment the amount of 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 will be sent to the Macau Court of Second Instance. 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 2013. Accordingly, no provision has been made in the consolidated financial statements.

(iv) Prior to acquisition by the Group, MFW Investment received a claim for outstanding payments on construction work at MFW from a contractor in 2008. The contractor claimed from MFW Investment an amount of MOP23,709,000 (equivalent to approximately HK$23,018,000) and MFW Investment counterclaimed an amount of MOP14,451,000 (equivalent to approximately HK$14,030,000) for defective construction work carried out by the contractor. In April 2010, the Macau Court of First Instance dismissed all claims from the contractor and awarded MOP462,000 (equivalent to approximately HK$449,000) to MFW Investment. The contractor did not agree the court's judgement and appealed to the Macau Court of Second Instance. This legal proceeding is pending before the Macau Court of Second Instance. 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 2013. Accordingly, no provision has been made in the consolidated financial statements.

(v) Pursuant to a revolving credit facility agreement and a supplementary agreement dated 1 July 2013 and 22 October 2013 respectively, a gaming promoter, New Legend VIP Club Limited ("New Legend"), a company controlled by Mr. Yip Wing Fat, Frederick, who is a senior management of the Company, has been offered for total facility amount of HK$320 million from SJM to purchase rolling chips to be used in the VIP room(s) at Pharaoh's Palace Casino as well as Babylon Casino, where applicable. The revolving credit facility agreement is valid for one year from 3 July 2013 and must repay all borrowed amounts by 2 July 2014. The Group has provided a guarantee to SJM under the revolving credit facility agreement. If New Legend defaults on any payments or breaches any of its obligations under the agreement, the Group is liable to SJM and SJM is entitled to withhold monthly service income or deduct outstanding amounts from the monthly service income payable to the Group under the Service Agreement. As at 31 December 2013, an amount of HK$300 million under the facility was utilised by New Legend and remained outstanding.

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

19. SUBSEQUENT EVENTS

In addition to those disclosed elsewhere in the consolidated financial statements, the Group has the following subsequent events after the end of the reporting period:

(i) On 16 January 2014, All Landmark entered into a placing agreement with the Company, Mr David Chow, CLSA Limited and Credit Suisse (Hong Kong) Limited for the placement of up to 188,000,000 ordinary shares of the Company (the "Placing Shares") to certain independent professional, institutional and other investors (the "Placees") at HK$7.25 per share.

On 16 January 2014, All Landmark also entered into a conditional subscription agreement with the Company for the subscription of 188,000,000 ordinary shares of the Company (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 approximately HK$1,351 million.

(ii) On 11 February 2014, the Group entered into a letter of mandate (the "Letter of Mandate") with Industrial and Commercial Bank of China (Macau) Limited ("ICBC Macau"). It was provided in the Letter of Mandate that subject to (i) the result of syndication or (ii) the mutual agreement between the Group and ICBC Macau, the final total amount under the facility may be increased up to 115% of the facility amount (up to HK$4,600,000,000). The Directors expect that loan documentations will be entered into and the first drawdown will be made around first quarter of 2014. Further details of the facility are set out on page 31 to this announcement.

(iii) As disclosed in the Prospectus and the Company's announcement dated 31 December 2013, the Company intends to (i) diversify its business and indirectly participate in the gaming promotion business, and (ii) enter into arrangements whereby the Group will be permitted to indirectly participate in the gaming promotion business through a licensed gaming promoter, New Legend (the "Plan").

The Plan allows the Company to have control over the gaming promotion business of New Legend and rights to the results of New Legend. Further details of the Plan are set out on page 23 to this announcement.

The Plan is subject to the approvals from (i) the Gaming Inspection and Coordination Bureau of Macau (the "DICJ"), (ii) the Stock Exchange and (iii) the independent shareholders of the Company.

On 6 February 2014, the Group obtained the approval from the DICJ in relation to the Plan. As at the date of this announcement, the Plan is still subject to the approval from the Stock Exchange and the independent shareholders of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Results

For the year ended 31 December 2013, the Group achieved total revenue of approximately HK$1,763.8 million, representing an increase of approximately HK$262.7 million, or approximately 17.5% over that of 2012. Breakdowns of the Group's revenue for 2013 and 2012 are as follows:

	For the year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Gaming services:		
— Pharaoh's Palace Casino	**1,131,819**	1,026,869
— Babylon Casino	**146,841**	84,573
Sub-total for gaming services	**1,278,660**	1,111,442
Non-gaming operations:		
— The Landmark Macau	**277,910**	266,626
— Macau Fisherman's Wharf	**207,184**	123,020
Sub-total for non-gaming operations	**485,094**	389,646
Total revenue	**1,763,754**	1,501,088

The Group's gaming revenue increased by approximately 15.0% during the year under review to approximately HK$1,278.7 million, driven largely by an increase in revenue from both the mass market and VIP gaming segments at Pharaoh's Palace Casino, and the full-year consolidation of revenue from gaming services at Babylon Casino of MFW Group in which the Company completed the acquisition of the entire equity interest on 18 May 2012. Non-gaming revenues increased by approximately 24.5% to approximately HK$485.1 million during the year under review, which was mainly due to the full-year consolidation of non-gaming revenue of MFW Group.

Adjusted EBITDA (being earnings before interest income, finance costs, income taxes, depreciation, release of prepaid lease payments, loss on disposal of property and equipment, share-based payments and one-off costs incurred associated with the Listing, showing the expected adjustments for the contribution from New Legend for the period from 3 July 2013 (date of commencement of business) to 31 December 2013 (the "Period")) was approximately HK$933.3 million, representing an approximately 24.4% increase over approximately HK$750.3 million of 2012. Adjusted EBITDA of the Group for 2013 without taking into account the contribution from New Legend for the Period was approximately HK$880.6 million, representing an approximately 17.4% increase over approximately HK$750.3 million of 2012. The following table reconciles the Adjusted EBITDA to the profit attributable to owners of the Company.

	For the year ended 31 December					
	2013			2012		
	The Group excluding MFW Group	**MFW Group**	**Consolidated**	The Group excluding MFW Group	MFW Group	Consolidated
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Profit (loss) attributable to owners of the Company	**603,723**	**(93,844)**	**509,879**	622,576	(87,235)	535,341
Add:						
Finance cost	**58,946**	**25**	**58,971**	62,838	24	62,862
Depreciation of investment properties	**3,841**	**4,237**	**8,078**	3,840	2,621	6,461
Depreciation of property, plant and equipment	**41,183**	**77,266**	**118,449**	48,493	48,728	97,221
Release of prepaid lease payments	**11,734**	**39,005**	**50,739**	11,734	23,161	34,895
Loss on disposal of property and equipment	**5,435**	**1,137**	**6,572**	—	—	—
Share-based payments	**51,915**	**—**	**51,915**	8,303	—	8,303
One-off costs incurred associated with the Listing	**97,953**	**6,760**	**104,713**	11,500	—	11,500
Less:						
Interest income	**(25,128)**	**(239)**	**(25,367)**	(2,015)	(158)	(2,173)
Tax charge (credit)	**3,300**	**(6,629)**	**(3,329)**	—	(4,105)	(4,105)
	852,902	**27,718**	**880,620**	767,269	(16,964)	750,305
Add:						
Contribution from New Legend for the Period *(remark)*	**52,713**	**—**	**52,713**	—	—	—
Adjusted EBITDA	**905,615**	**27,718**	**933,333**	767,269	(16,964)	750,305

Remark: The adjustment, representing the net profit of New Legend for the Period, was made to the Adjusted EBITDA of the Group as if the Group had obtained all relevant approvals for its indirect participation in the gaming promotion business through New Legend.

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

	For the year ended 31 December					
	2013			2012		
	The Group excluding MFW Group	**MFW Group**	**Consolidated**	The Group excluding MFW Group	MFW Group	Consolidated
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Gaming services	**941,452**	**34,130**	**975,582**	763,818	18,679	782,497
Non-gaming operations	**14,360**	**(6,412)**	**7,948**	28,190	(35,643)	(7,453)
Sub-total	**955,812**	**27,718**	**983,530**	792,008	(16,964)	775,044
Unallocated corporate expenses	**(50,197)**	**—**	**(50,197)**	(24,739)	—	(24,739)
Adjusted EBITDA	**905,615**	**27,718**	**933,333**	767,269	(16,964)	750,305

The increase in Adjusted EBITDA in 2013, as compared to that of 2012, was mainly due to the increase in Adjusted EBITDA from the gaming operations of both Pharaoh's Palace Casino (including the contribution from New Legend for the Period) and Babylon Casino (which in turn was mainly due to full-year consolidation in 2013 but only for the period from 19 May 2012 to 31 December 2012 for 2012). The increase in Adjusted EBITDA in 2013 was offset by the decrease in Adjusted EBITDA from non-gaming operations at The Landmark Macau (which in turn was mainly due to renovation of hotel rooms, increase in marketing and promotional expenses to promote the hotel's business and upgrade of guest room amenities for the hotel in 2013).

In 2013, operations of MFW Group (including gaming and non-gaming) started to generate positive Adjusted EBITDA contribution to the Group of approximately HK$27.7 million (2012: negative Adjusted EBITDA of approximately HK$17.0 million).

The Group's net profit for the year was approximately HK$509.9 million, representing an approximately 4.8% decrease over approximately HK$535.3 million of 2012. The decrease was mainly due to (i) the increase in loss from MFW Group accounted for by the Group in 2013 when compared to that of 2012 (full-year consolidation for 2013 of approximately HK$93.8 million but only for the period from 19 May 2012 to 31 December 2012 for 2012 of approximately HK$87.2 million) as the Group completed the acquisition of MFW Investment on 18 May 2012; and (ii) the inclusion of the one-off costs incurred associated with the Listing in 2013 of approximately HK$104.7 million (2012: approximately HK$11.5 million).

Financial and Operational Review

A. *Gaming Services*

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

As at 31 December 2013, the Group had the following number of gaming tables and slot machines in its two casinos:

	As at 31 December	
	2013	2012
Pharaoh's Palace Casino:		
— Mass market tables	**60**	60
— VIP tables	**67**	67*
— Slot machines	**205**	212
Babylon Casino:		
— Mass market tables	**23**	23
— Slot machines	**120**	78

* Included in the number as at 31 December 2012 was a total of 4 gaming tables which were temporarily not in operation.

For the year ended 31 December 2013, the Group achieved approximately HK$1,278.7 million revenue from gaming services, representing an increase of approximately 15.0% compared to that of approximately HK$1,111.4 million of 2012. Breakdowns of the Group's revenue from gaming services for 2013 and 2012 are as follows:

	For the year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Mass market tables:		
— Pharaoh's Palace Casino	**995,469**	900,564
— Babylon Casino	**144,990**	83,897
	1,140,459	984,461
VIP rooms — at Pharaoh's Palace Casino	**127,386**	110,810
Slot machines:		
— Pharaoh's Palace Casino	**8,964**	15,495
— Babylon Casino	**1,851**	676
	10,815	16,171
Total revenue from gaming services	**1,278,660**	1,111,442

The following tables set out certain key operational data of mass market tables, VIP tables and slot machines for 2013 and 2012:

Mass Market Tables

	Pharaoh's Palace Casino For the year ended 31 December			**Babylon Casino For the year ended 31 December**		
	2013	2012	Change	**2013**	2012	Change
	HK$'000	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*
Games drop	**8,654,636**	8,029,080	7.8	**1,301,569**	1,223,856	6.3
Net win	**1,809,944**	1,637,389	10.5	**263,619**	285,453	(7.6)
Hold rate	**20.91%**	20.39%	0.52	**20.25%**	23.32%	(3.07)
Average number of tables	**60**	63	(4.8)	**23**	23	—
Net win per table per day	**83**	71	16.9	**31**	34	(8.8)

The Group's revenue from mass market tables for 2013 was approximately HK$1,140.5 million, representing an increase of approximately HK$156.0 million or approximately 15.8% over approximately HK$984.5 million of 2012. The increase was primarily attributable to the increase in revenue from mass market tables at Pharaoh's Palace Casino by approximately HK$94.9 million or approximately 10.5% to approximately HK$995.5 million which was in turn caused by the increase in both games drop and net win of the mass market tables at Pharaoh's Palace Casino. Net win per table per day of mass market tables at Pharaoh's Palace Casino in 2013 increased by approximately 16.9% to approximately HK$83,000 from approximately HK$71,000 of 2012.

The increase in revenue from mass market tables was also attributable to the full-year consolidation of revenue from gaming services of MFW Group at Babylon Casino amounting to approximately HK$145.0 million for 2013, but only approximately HK$83.9 million for the period from 19 May 2012 to 31 December 2012 for 2012.

VIP Tables

	Pharaoh's Palace Casino For the year ended 31 December		
	2013	2012	Change
	HK$'000	*HK$'000*	*%*
Games turnover	**227,586,525**	187,299,157	21.5
Net win	**6,369,266**	5,540,532	15.0
Win percentage	**2.80%**	2.96%	(0.16)
Average number of tables	**65**	57	14.0
Net win per table per day	**268**	268	—

The Group's revenue from VIP tables for 2013 was approximately HK$127.4 million, representing an increase of approximately HK$16.6 million or approximately 15.0% over approximately HK$110.8 million of 2012. This increase was primarily attributable to the increase in the average number of VIP tables which expanded to 65 in 2013 from 57 in 2012 and the increase in games turnover which increased to approximately HK$227.6 billion in 2013 from approximately HK$187.3 billion in 2012.

In 2012, the Group carried out renovation and fitting out work in The Landmark Macau to refurbish and expand its gaming areas. During the renovation period, certain VIP tables were temporarily removed and relocated. Renovation of gaming areas was completed in end of 2012. Since 31 May 2013, a total of 12 tables were temporarily not in operation due to the suspension of operation of two VIP rooms on the 20th and 21st floors of The Landmark Macau. On 27 July 2013, a new VIP room on the 20th floor of The Landmark Macau with 6 tables commenced its operation. On 23 December 2013, one of the Group's best performing VIP rooms expanded its operation on the 2nd floor of The Landmark Macau by increasing its gaming tables to 17 from 13. On 1 January 2014, a new VIP room with 7 tables commenced its operation on the 2nd floor of The Landmark Macau. Up to the date of this announcement, the Group had a total of 8 VIP rooms at The Landmark Macau which were operated by designated gaming promoters, including New Legend.

In 2013, net win per table per day of VIP tables at Pharaoh's Palace Casino was approximately HK$268,000, which remained at a similar level with that of 2012. Games turnover of VIP tables at Pharaoh's Palace Casino increased to approximately HK$227.6 billion in 2013 from approximately HK$187.3 billion of 2012. However, win percentage of the VIP tables decreased from approximately 2.96% of 2012 to approximately 2.80% of 2013. All these resulted in similar level of net win per table per day of VIP tables at Pharaoh's Palace Casino in 2013 and 2012.

As disclosed in the Prospectus and the Company's announcement dated 31 December 2013, the Company intends to (i) diversify its business and indirectly participate in the gaming promotion business, and (ii) enter into the Plan. The Plan is subject to the approvals from (i) the DICJ, (ii) the Stock Exchange and (iii) the independent shareholders of the Company.

In June 2013, New Legend, a company established by Mr Yip Wing Fat, Frederick, executive vice president, head of casino operations of the Group, was awarded a gaming promotion license and New Legend has commenced its operation of a VIP room (as one of the outsourced VIP rooms of the Group) at The Landmark Macau since 3 July 2013.

On 6 February 2014, the Group obtained the approval from the DICJ in relation to the Plan through New Legend. As at the date of this announcement, the Plan is still subject to the approval from the Stock Exchange and the independent shareholders of the Company.

Upon receipt of all the above approvals, the Company intends to enter into agreements with Mr Yip Wing Fat, Frederick and New Legend, pursuant to which, among others, New Legend shall agree to transfer to the Group all profits accrued by New Legend since 3 July 2013 (date of commencement of business of New Legend) up to the date when the Plan is implemented. Upon implementation of the Plan, the financial results of New Legend will be consolidated into the consolidated financial statements of the Group.

The net profit of New Legend for the Period based on its unaudited financial statements was HK$52,713,000.

Slot Machines

	Pharaoh's Palace Casino For the year ended 31 December			Babylon Casino For the year ended 31 December		
	2013	2012	Change	**2013**	2012	Change
	HK$'000	*HK$'000*	*%*	***HK$'000***	*HK$'000*	*%*
Slot handle	**627,599**	775,532	(19.1)	**106,035**	17,766	496.8
Net win	**30,388**	43,891	(30.8)	**5,282**	2,648	99.5
Hold rate	**4.84%**	5.66%	(0.82)	**4.98%**	14.90%	(9.92)
Average number of slot machines	**209**	258	(19.0)	**99**	78	26.9
Net win per slot machine per day	**0.4**	0.5	(20.0)	**0.1**	0.1	—

The Group's revenue from slot machines at Pharaoh's Palace Casino for 2013 decreased by approximately 42.1% to approximately HK$9.0 million from approximately HK$15.5 million of 2012. This decrease was mainly caused by a reduction in the Group's average number of slot machines in 2013 when compared to that of 2012.

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

B. *Non-gaming Operations*

The Group's revenue from non-gaming operations for 2013 increased to approximately HK$485.1 million from approximately HK$389.6 million in 2012, representing an increase of approximately 24.5%. Out of the total non-gaming revenue, revenue from The Landmark Macau accounted for approximately HK$277.9 million or approximately 57.3% of the total non-gaming revenue (2012: approximately HK$266.6 million or approximately 68.4%); and MFW accounted for approximately HK$207.2 million or approximately 42.7% of the total non-gaming revenue (2012: approximately HK$123.0 million or approximately 31.6%).

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

	For the year ended 31 December					
	2013			2012		
	The Group excluding MFW Group	**MFW Group**	**Consolidated**	The Group excluding MFW Group	MFW Group	Consolidated
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Rental income from hotel rooms	**119,449**	**24,139**	**143,588**	121,804	13,289	135,093
Licensing income from investment properties	**37,788**	**34,511**	**72,299**	35,328	13,620	48,948
Income from building management services	**45,518**	**17,445**	**62,963**	34,726	8,202	42,928
Food and beverage	**70,275**	**88,595**	**158,870**	69,158	63,534	132,692
Sales of merchandise	**—**	**40,150**	**40,150**	—	22,506	22,506
Others	**4,880**	**2,344**	**7,224**	5,610	1,869	7,479
Total non-gaming revenue	**277,910**	**207,184**	**485,094**	266,626	123,020	389,646

The increase in non-gaming revenue was primarily attributable to the full-year consolidation of non-gaming revenue from MFW Group in 2013 but only for the period from 19 May 2012 to 31 December 2012 for 2012.

The following table sets out certain key operational data on hotel operations of the Group for 2013 and 2012:

	For the year ended 31 December	
	2013	2012
The Landmark Macau		
Occupancy rate (%)	**94.2**	85.3
Average daily room rate ("ADR") (HK$)	**1,191.6**	1,120.0
Revenue per available room ("REVPAR") (HK$)	**1,122.6**	955.4
Rocks Hotel		
Occupancy rate (%)	**84.3**	75.1
ADR (HK$)	**1,361.2**	1,392.3
REVPAR (HK$)	**1,147.5**	1,045.6

The Landmark Macau

With 439 rooms and suites, and located in the heart of the Macau Peninsula, The Landmark Macau is one of the largest and best located five-star hotels in Macau. As part of an integrated complex, the property offers not only luxurious accommodation, but also a broad array of dining, gaming and shopping experiences.

Both the occupancy rate and ADR of The Landmark Macau have increased whereas revenue from hotel rooms declined in 2013 by approximately 1.9%. This was due to the ongoing renovation work at The Landmark Macau, which resulted in a reduction of available rooms for lease and in turn increasing the occupancy rate (being number of occupied rooms divided by number of available rooms) in 2013. On the other hand, daily room rates for the refurbished rooms were marked up, translating into higher ADR in 2013. By January 2014, all hotel rooms at The Landmark Macau had been refurbished and put into operation. In addition, all lettable retail areas at The Landmark Macau have been leased out.

Macau Fisherman's Wharf

MFW is located along Macau's outer harbour, a 5-minute walk from the Macau Ferry Terminal. It is the largest leisure and entertainment complex on the Macau Peninsula, and features Babylon Casino, and convention and exhibition centre, Rocks Hotel, a marina, a theme park and dining, shopping and entertainment facilities.

MFW attracted a total of approximately 4,105,000 visitors in 2013, representing an increase of approximately 14.9% from approximately 3,572,000 in 2012. In July, August and December, which is the peak season, of 2013, the number of visitors reached approximately 500,000 each month.

Rocks Hotel is a small boutique hotel with 72 guest rooms and suites modelled on the Victorian-era that coddles its guests in the elegance and charm of the 18th century. The average occupancy rate for 2013 was approximately 84.3%, representing an increase of approximately 9.2% over that of 2012, whereas ADR for 2013 decreased by approximately HK$31.1 from approximately HK$1,392.3 to approximately HK$1,361.2. This was largely the result of successful marketing amid increased competition in the hospitality industry of Macau.

C. *Project Updates*

(a) *Renovation of The Landmark Macau*

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

In addition to the above, the renovation plans also include expanding the lobby, adding retail space, redesigning and installing exterior lighting and signage which are being undertaken at various stages and are expected to be completed by around the first half of 2014.

(b) *MFW Redevelopment*

The large-scale redevelopment of MFW progressed according to plan during the year, and the first hotel project — Harbourview Hotel — was moving ahead of schedule, with an anticipated opening date in the third quarter of 2014, one quarter ahead of the schedule. In mid-November 2013, superstructure of Harbourview Hotel topped out and construction of the hotel was continuing apace.

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

Buildings/Facilities	Brief Description	Progress	Target Completion Date
Harbourview Hotel	A four-star hotel modelled after the 18th century architecture of Prague with 445 rooms and suites	Topped out in mid-November 2013, ahead of original schedule of 1Q 2014	3Q 2014
Legend Palace Hotel	A five-star deluxe medieval Persian-themed hotel with 229 rooms and villa garden suites	Tang Dynasty complex fully demolished by end of 2013, ahead of original schedule of 1Q 2014	2Q 2015
Legendale Hotel	A flagship five-star deluxe rating hotel modelled after the Neo-Renaissance style of architecture of mid-17th century Vienna with around 500 rooms	In the final stage of completing the plans for submission to the Macau government Demolition and site preparation is expected to commence in 1Q 2014 and construction is scheduled to commence in 1Q 2014	3Q 2016
General entertainment and cultural facility	A dinosaur museum is to be constructed with indoor and outdoor convention / exhibition halls and an interactive movie theatre	A supply and technical assistance agreement has been entered into between Macau Animal Fossil Preservation Association and the Group in relation to the building of the dinosaur museum in MFW and the sales, provision and leasing of dinosaur fossils for display at the dinosaur museum in MFW	4Q 2015
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	In discussion with relevant government authorities in relation to the construction work and commenced negotiations with contractors	4Q 2014
Canopied open-air shopping, dining and entertainment colonnade	A variety of retail and al fresco dining options and entertainment	In design planning stage and commenced negotiations with contractors	4Q 2014
Redevelopment of existing facilities	Refurbishment and addition of facilities to certain buildings including Babylon Casino and Rocks Hotel, construction of new parking facilities for shuttle buses and coaches, addition of fine dining and family style restaurants and building of a canopy	Refurbishment work on existing buildings is expected to commence in 1Q 2014	3Q 2014

(c) *Cooperation with Dynam*

On 23 August 2013, the Company entered into a non-binding Memorandum of Understanding for Business Cooperation (the "MOU") with Dynam Japan Holdings Co., Ltd. ("Dynam"), the parent company of Dynam Hong Kong Co., Limited. Pursuant to the MOU, Dynam will establish and operate a minimum of 100 next generation pachinko machines and other electronic games (the "Electronic Games") at various locations in MFW, subject to receiving necessary approvals from the Macau government. Dynam will share with the Group the net revenue payment that the Group receives from SJM under the Service Agreement from the operation of these Electronic Games.

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

The MOU shall be terminated on six months from the date of the MOU unless otherwise agreed to extend by both parties. The parties shall negotiate in good faith the terms of the formal agreements relating to the above matters.

Outlook

The Group is confident in the long-term prospects of the Macau gaming industry given the continued rise of the mainland Chinese middle class, and the continued diversification of Macau's offerings to visitors.

Against this backdrop, the Group believes that the gaming industry in Macau will remain buoyant. The Group expects the VIP segment to continue to benefit from a stable macroeconomic environment and housing market in China, while relaxed visa requirements will continue to drive visitation that is key to the strong growth in the mass market segment. The Group expects continued investment in infrastructure from the Macau government and favourable policies in support of building Macau as a tourist hub for entertainment and leisure activities as well as a global centre for MICE (meetings, incentives, conventions and exhibitions) events. The Group is poised to benefit from major infrastructure and transportation projects due to be completed in the coming years, such as the improved Macau-Zhuhai border crossing, the Macau Light Rail System, and the Hong Kong-Zhuhai-Macau bridge. The Group also believes that its strategy to offer centrally located, integrated entertainment complexes that cater to different market segments is well aligned with the intensified efforts of the Macau government to build the Macau Peninsula as a tourist destination beyond just a gaming hub that it is today by developing family entertainment, food and beverage, shopping, cultural and educational experiences.

The Group will continue its plan to redevelop MFW and it is on schedule to accomplish the bulk of construction work in the coming two to three years. Upon completion of the MFW Redevelopment, the Group's hotel rooms will increase to nearly 1,700 and the number of gaming tables at the casinos in The Landmark Macau and MFW is expected to increase to 500.

The Group remains committed to the successful and on-schedule completion of the MFW Redevelopment. The Group will also actively seek opportunities for 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 2013, the consolidated net assets attributable to owners of the Company amounted to approximately HK$5,596.5 million, representing an increase of approximately HK$272.0 million from approximately HK$5,324.5 million as at 31 December 2012. The increase in consolidated net assets in 2013 was mainly due to the net proceeds raised from the global offering of approximately HK$2,154.5 million (recorded directly through equity) and net profit for the year of approximately HK$509.9 million which was offset by the dividend payout prior to the Listing of approximately HK$2,446.6 million in 2013.

In January 2014, the Company completed a top-up placement of 188,000,000 new ordinary shares of the Company and raised net proceeds of approximately HK$1,351 million. Further details of the top-up placement are set out in the Company's announcement dated 16 January 2014.

Bank balances and cash

As at 31 December 2013, bank balances and cash held by the Group amounted to approximately HK$1,859.6 million (including pledged bank deposits of approximately HK$20.6 million), of which approximately 69% was denominated in Renminbi ("RMB") and the remaining approximately 31% was denominated mainly in HK$ and Macau Patacas ("MOP"). Given MOP are pegged to HK$, the Group considers the exposure to exchange rate risk is nominal for its bank balances and cash denominated in MOP. The Group's bank deposits denominated in RMB are subject to exchange rate risk as the exchange rate of RMB to HK$ may fluctuate significantly.

The Company completed a global offering with its shares listed on the Stock Exchange with effect from 5 July 2013 (the "Listing Date") from which the Company raised net proceeds of approximately HK$2.1 billion. In order to enhance better yield for the portion of the proceeds not expected to be utilised in the near term, the Group has placed these funds at banks in Hong Kong and Macau as HK$ or RMB fixed deposits with maturities ranging from 3 to 12 months. As at 31 December 2013, a total of approximately HK$1,474.0 million had been placed as fixed deposits at banks in Hong Kong and Macau, including approximately HK$1,284.0 million in RMB and approximately HK$190.0 million mainly in HK$, at an average annualised interest rate of approximately 3.3%.

Borrowings

As at 31 December 2013, the Group had outstanding secured and unguaranteed bank borrowings of approximately HK$1,404.5 million. The maturity profile of the bank borrowings of approximately HK$1,404.5 million was spread over a period of less than 5 years with approximately HK$355.8 million repayable within one year, approximately HK$365.8 million repayable in the second year and approximately HK$682.9 million repayable in the third to fifth years. The Group's bank borrowings carried interest at prevailing market rates and on floating rate basis. In addition, these bank borrowings were denominated in either HK$ or MOP. As MOP is pegged to HKD, the Group does not expect any significant foreign currency exposure in respect of its bank borrowings as at 31 December 2013.

On 31 December 2013, the Group entered into a letter of intent (the "Letter of Intent") with ICBC Macau for a five-year term loan facility in the amount of up to HK$4,000,000,000, part of which will be used to refinance the existing bank loan facilities (amounting to approximately HK$1,324 million as at the date of this announcement). Under the Letter of Intent, the Group appointed ICBC Macau, also the lead arranger for the existing bank loan facilities, as the mandated lead arranger for arranging a syndicate of lenders, facility agent and security agent for the facility. On 11 February 2014, the Group entered into the Letter of Mandate with ICBC Macau. It was further provided in the Letter of Mandate that subject to (i) the result of syndication or (ii) the mutual agreement between the Group and ICBC Macau, the final total amount under the facility may be increased up to 115% of the facility amount (that is, up to HK$4,600,000,000). The Directors expect that loan documentations will be entered into and the first drawdown will be made around the first quarter of 2014. Further details of the loan facility are set out in the Company's announcement dated 11 February 2014.

Use of Proceeds from the Global Offering

Trading of the Company's shares on the Stock Exchange commenced on 5 July 2013, and the Group raised net proceeds of approximately HK$2.1 billion from the global offering. The Group intends to apply such proceeds in a manner consistent with the intended use of proceeds as disclosed in the Supplemental Prospectus and the announcement made by the Company on 4 July 2013 (the "Announcement"). Details of the intended use of proceeds are set out in the Supplemental Prospectus and the Announcement.

Charge on the Group's Assets

As at 31 December 2013, 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$257.0 million, buildings with a total carrying amount of approximately HK$1,684.6 million, prepaid lease payments with a total carrying amount of approximately HK$1,826.5 million, trade receivables of approximately HK$23.2 million and bank deposits of approximately HK$20.6 million.

Gearing

The Group's gearing ratio (expressed as a percentage of total interest-bearing liabilities over total equity as at the end of the reporting period) was approximately 25.1% as at 31 December 2013 (31 December 2012: approximately 32.6%). The decrease in gearing ratio of the Group in 2013 was mainly due to the continued installment repayment of interest-bearing liabilities and the increase in total equity of the Group in 2013. No new interest-bearing liabilities were incepted in 2013.

Hedging, Acquisition and Disposals and Significant Investments

During the year ended 31 December 2013, 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 2013 are set out in note 18 to the consolidated financial statements on pages 15 to 16 to this announcement.

Capital Expenditure and Capital Commitments

As at 31 December 2013, the Group had capital commitments which are authorised but not contracted for in respect of the renovation work of The Landmark Macau and the MFW Redevelopment of approximately HK$231.2 million (31 December 2012: approximately HK$429.0 million) and approximately HK$7,856.6 million (31 December 2012: approximately HK$6,630.3 million) respectively. In addition, as at 31 December 2013, the Group had capital commitments in respect of acquisition of property and equipment and construction in progress which are contracted but not provided for in the amount of approximately HK$251.3 million (31 December 2012: approximately HK$20.2 million).

Employees and Remuneration Policies

As at 31 December 2013, the Group had a total of approximately 2,940 employees, including approximately 1,310 gaming operations employees who are employed and paid by SJM but over whom the Group exercises oversight in accordance with the Service Agreement. The Group reimbursed SJM in full for the salaries and other benefits of these gaming operation employees.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares since the Listing Date.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Company is committed to maintaining high standard of corporate governance which is essential to the sustainable development and growth of the Company. Since the Listing Date, the Company has devoted efforts to put in place various policies and procedures in compliance with the principles and code provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 to the Listing Rules. The Board is of the view that the Company has met the code provisions set out in the CG Code for the period from the Listing Date to the date of this announcement, except for the following deviation:

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

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code since the Listing Date.

REVIEW OF ANNUAL RESULTS

The Group's consolidated financial statements for the year ended 31 December 2013 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 2013 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.

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

Hong Kong, 18 February 2014

As at the date of this announcement, the Board comprises three executive directors, namely, Mr Chow Kam Fai, David (Co-chairman and chief executive officer), Madam Lam Fong Ngo (Vice chairman) and Mr Sheldon Trainor-DeGirolamo; one non-executive director, namely Mr Tong Ka Wing, Carl (Co-chairman); and three independent non-executive directors, namely, Mr Fong Chung, Mark, Mr Xie Min and Madam Tam Wai Chu, Maria.

* *for identification purposes only*