
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in **Macau Legend Development Limited**, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s). This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms of the Offer contained herein.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the Form of Acceptance.



澳門勵駿創建有限公司
Macau Legend Development Ltd

PERFECT ACHIEVER GROUP LIMITED MACAU LEGEND DEVELOPMENT LIMITED
達美集團有限公司 澳門勵駿創建有限公司*

(incorporated in the British Virgin Islands with limited liability)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1680)

**COMPOSITE DOCUMENT RELATING TO
MANDATORY UNCONDITIONAL CASH OFFER BY
LEGO SECURITIES LIMITED
FOR AND ON BEHALF OF PERFECT ACHIEVER GROUP LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
MACAU LEGEND DEVELOPMENT LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED
TO BE ACQUIRED BY PERFECT ACHIEVER GROUP LIMITED
AND/OR PARTIES ACTING IN CONCERT WITH IT)**

**Financial adviser to
Perfect Achiever Group Limited**



**Financial adviser to
Macau Legend Development Limited**



SOMERLEY CAPITAL LIMITED

Independent financial adviser to the Independent Board Committee

ALTUS CAPITAL LIMITED

Unless the context otherwise requires, capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Lego Securities containing, among other things, details of the terms of the Offer is set out on pages 7 to 20 of this Composite Document. A letter from the Board is set out on pages 21 to 28 of this Composite Document.

A letter from the Independent Board Committee containing its recommendation to the Offer Shareholders in relation to the Offer is set out on pages 29 to 30 of this Composite Document. A letter from the Independent Financial Adviser containing its advice on the Offer to the Independent Board Committee is set out on pages 31 to 49 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptance of the Offer should be received by the Registrar no later than 4:00 p.m. (Hong Kong time) on Tuesday, 24 November 2020 or such later time and/or date as the Offeror may determine and announce with the consent of the Executive, in accordance with the Takeovers Code.

This Composite Document will remain on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <http://www.macaulegend.com/> as long as the Offer remains open.

* For identification purposes only

CONTENTS

	<i>Page</i>
EXPECTED TIMETABLE	i
DEFINITIONS	1
LETTER FROM LEGO SECURITIES	7
LETTER FROM THE BOARD	21
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	29
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	31
APPENDIX I – FURTHER TERMS AND PROCEDURES FOR ACCEPTANCE OF THE OFFER	I-1
APPENDIX II – FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III – VALUATION REPORT	III-1
APPENDIX IV – GENERAL INFORMATION RELATING TO THE GROUP	IV-1
APPENDIX V – GENERAL INFORMATION RELATING TO THE OFFEROR . .	V-1
ACCOMPANYING DOCUMENT – FORM OF ACCEPTANCE	

EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate. Unless otherwise specified, all time and date references contained in this Composite Document refer to Hong Kong time and dates.

Event	Time and Date
Despatch date of this Composite Document and the Form of Acceptance (<i>Note 1</i>)	Tuesday, 3 November 2020
Offer opens for acceptance (<i>Note 1</i>)	Tuesday, 3 November 2020
Latest time and date for acceptance of the Offer (<i>Note 2</i>)	by 4:00 p.m. on Tuesday, 24 November 2020
Closing Date (<i>Note 2</i>)	Tuesday, 24 November 2020
Announcement of the results of the Offer as at the Closing Date on the website of the Stock Exchange (<i>Note 2</i>)	by 7:00 p.m. on Tuesday, 24 November 2020
Latest date for posting of remittances for the amounts under the Offer in respect of valid acceptances received (<i>Note 3 and Note 4</i>)	Thursday, 3 December 2020

Notes:

1. The Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date.
2. In accordance with the Takeovers Code, the Offer must remain open for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Tuesday, 24 November 2020, unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be jointly issued by the Company and the Offeror on the website of the Stock Exchange no later than 7:00 p.m. on Tuesday, 24 November 2020 as to the results of the Offer and whether the Offer has been revised, extended or expired. In the event that the Offeror decides to revise or extend the Offer and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Shareholders who have not accepted the Offer.

EXPECTED TIMETABLE

Beneficial owners of Offer Shares who hold their Offer Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements for causing instructions to be made to CCASS. Further details in this regard have been set out in Appendix I to this Composite Document.

3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in respect of acceptances of the Offer) payable for the Shares tendered under the Offer will be despatched to the Offer Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within 7 business days (as defined under the Takeovers Code) after the date of receipt by the Registrar of all relevant documents which render such acceptance complete and valid by the Registrar in compliance with Note 1 to Rule 30.2 of the Takeovers Code. Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code. Please refer to the section headed "Right of withdrawal" in Appendix I to this Composite Document for further information on the circumstances where acceptance may be withdrawn.

4. If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force on the Closing Date and (i) not cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offer will be postponed to 4:00 p.m. on the next business days (as defined under the Takeovers Code) which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve; or (ii) cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offer will remain on the same day, i.e. 4:00 p.m. on the Closing Date.

Save as mentioned above, if the latest time for acceptance of the Offer does not take effect at 4:00 p.m. on Tuesday, 24 November 2020, the other dates mentioned in the expected timetable above may be affected, the Offeror and the Company will notify the Offer Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

DEFINITIONS

In this Composite Document, unless the context otherwise requires, the following expressions shall have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“All Landmark”	All Landmark Properties Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. David Chow and being one of the Vendors
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	24 November 2020, the closing date of the Offer, which is the 21th calendar day after the date on which this Composite Document is posted, or if the Offer is extended, any subsequent closing date of the Offer as may be determined by the Offeror and jointly announced by the Offeror and the Company, with the consent of the Executive in accordance with the Takeovers Code
“Company”	Macau Legend Development Limited (Stock code: 1680), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares pursuant to the terms and conditions of the Share Purchase Agreement
“Completion Date”	5 October 2020, being the date of which Completion took place pursuant to the Share Purchase Agreement
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company in accordance with the Takeovers Code containing, among other things, details of the Offer, the recommendation from the Independent Board Committee to the Offer Shareholders and the advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer
“Covenantors”	collectively, Mr. David Chow, All Landmark, Mdm. Lam, Grand Bright, Mr. Li, Elite Success and Ms. Chan, being the covenantors to the Transfer Restrictions Agreement

DEFINITIONS

“DC Irrevocable Undertaking”	the irrevocable undertaking dated 21 September 2020 given by Mr. David Chow in favour of the Offeror that he will not, inter alia, accept the Offer with respect to the 483,781,402 Shares held by him following Completion
“Director(s)”	the director(s) of the Company
“Elite Success”	Elite Success International Limited, a company controlled by Mr. Li
“Encumbrance”	any claim, option, charge (fixed or floating), mortgage, lien, pledge, equity, adverse interest, encumbrance, right to acquire, right of pre-emption, right of first refusal, title retention or any other third party right, or other security interest or any agreement or arrangement having a similar effect or any agreement to create any of the foregoing
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director from time to time
“Form of Acceptance”	the accompanying form of acceptance and transfer of Shares in respect of the Offer
“Grand Bright”	Grand Bright Holdings Limited, a company controlled by Mdm. Lam
“Group”	the Company and its subsidiaries from time to time
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all non-executive Directors (other than Mr. Tong Ka Wing, Carl and Ms. Ho Chiulin, Laurinda, who are non-executive Directors and are considered to have conflict of interest in advising on the terms of the Offer) established for the purpose of advising the Offer Shareholders in respect of the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code

DEFINITIONS

“Independent Financial Adviser” or “Altus Capital”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee in connection with the Offer
“Irrevocable Undertakings”	collectively, the DC Irrevocable Undertaking, the MC Irrevocable Undertaking, the ST Irrevocable Undertakings and the VF Irrevocable Undertaking
“Joint Announcement”	the announcement jointly issued by the Offeror and the Company dated 21 September 2020 in relation to, among other things, the sale and purchase of the Sale Shares and the Offer
“Knight Frank”	Knight Frank Petty Limited, an independent property valuer appointed by the Company
“Last Trading Day”	11 September 2020, being the last trading day before trading of the Shares was halted pending the publication of the Joint Announcement
“Latest Practicable Date”	30 October 2020, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Lego Corporate Finance”	Lego Corporate Finance Limited, a corporation licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in respect of the Offer
“Lego Securities”	Lego Securities Limited, a corporation licensed by the SFC to conduct Type 1 (dealing in securities) regulated activities under the SFO, being the agent making the Offer on behalf of the Offeror
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the main board maintained and operated by the Stock Exchange

DEFINITIONS

“MC Irrevocable Undertaking”	the irrevocable undertaking dated 21 September 2020 given by Ms. Chan Mei Yi, Melinda in favour of the Offeror that she will not, inter alia, accept the Offer with respect to the 129,690,066 Shares held by her
“Mdm. Lam”	Madam Lam Fong Ngo, a former Director, the mother of Mr. David Chow and a Shareholder
“Mr. Chan”	Mr. Chan Weng Lin, being the sole director and beneficial owner of the Offeror
“Mr. David Chow”	Mr. Chow Kam Fai, David, a co-chairman of the Board and an executive Director and being one of the Vendors
“Mr. Li”	Mr. Li Chi Keung, a substantial Shareholder
“Ms. Chan”	Ms. Chan Un Chan Ina, a substantial Shareholder
“Offer”	the mandatory unconditional cash offer made by Lego Securities for and on behalf of the Offeror to acquire all the Offer Shares in accordance with the Takeovers Code
“Offer Period”	the period commencing from 21 September 2020, being the date of the Joint Announcement, to the Closing Date, or such other date to which the Offeror may decide to extend or revise the Offer in accordance with the Takeovers Code
“Offer Price”	the price at which the Offer is made, being HK\$1.05 per Offer Share
“Offer Shareholder(s)”	holder(s) of Share(s), other than members of the Offeror Concert Party Group
“Offer Share(s)”	any and all the Shares (other than those already owned and/or agreed to be acquired by the Offeror Concert Party Group)
“Offeror”	Perfect Achiever Group Limited (達美集團有限公司), a company incorporated in the British Virgin Islands with limited liability and beneficially and wholly owned by Mr. Chan
“Offeror Concert Party Group”	the Offeror, Mr. David Chow, Ms. Chan Mei Yi, Melinda, Mr. Chow Wan Hok, Donald, Ms. Chan, Mr. Li, Mdm. Lam, Mr. Sheldon Trainor-DeGirolamo and respective parties acting in concert with each of them or party as specified and as determined in accordance with the Takeovers Code

DEFINITIONS

“Overseas Shareholder(s)”	Shareholder(s) whose address(es) as shown on the register of members of the Company is (are) outside Hong Kong
“PacBridge Capital”	PacBridge Capital Partners (HK) Limited, a company incorporated in Hong Kong with limited liability indirectly wholly owned by Mr. Sheldon Trainor-DeGirolamo and being one of the Vendors
“PRC”	the People’s Republic of China excluding, for the purpose of this Composite Document, Hong Kong, Macau and Taiwan
“Registrar”	Computershare Hong Kong Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong, located at Shop 1712-1716, 17 th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period from 22 March 2020, being the date falling six (6) months prior to 21 September 2020 (the date of commencement of the Offer Period), up to and including the Latest Practicable Date
“relevant securities”	as defined in Note 4 to Rule 22 of the Takeovers Code
“Sale Share(s)”	any and all of 1,280,237,424 Shares acquired by the Offeror from the Vendors pursuant to the terms and conditions of the Share Purchase Agreement, representing approximately 20.65% of the total issued share capital of the Company as at the Latest Practicable Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Purchase Agreement”	the share purchase agreement dated 11 September 2020 entered into among the Vendors and the Offeror in respect of the sale and purchase of the Sale Shares, as amended by a side letter dated 24 September 2020 and entered into between the Vendors and the Offeror

DEFINITIONS

“Somerley”	Somerley Capital Limited, a corporation licensed by the SFC to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Company in respect of the Offer
“ST Irrevocable Undertakings”	the respective irrevocable undertakings dated 21 September 2020 given by Mr. Sheldon Trainor-DeGirolamo and PacBridge Capital in favour of the Offeror that he and PacBridge Capital will not, inter alia, accept the Offer with respect to the 45,331,504 Shares collectively held by them following Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Tak Chun Group”	collectively, Tak Chun Group Company Limited and Tak Chun Gaming Promotion Company Limited
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“Transfer Restrictions Agreement”	the transfer restrictions agreement dated 28 December 2012 (as amended and restated on 5 June 2013) entered into by the Covenantors, which was terminated on 1 June 2020
“Vendors”	collectively, Mr. David Chow, All Landmark and PacBridge Capital
“VF”	Vast Field Investments Limited, a Shareholder which holds 209,068,781 Shares, representing approximately 3.37% of the total issued share capital of the Company as at the Latest Practicable Date, and is a wholly-owned subsidiary of SJM Holdings Limited, a company listed on the Stock Exchange with stock code 880
“VF Irrevocable Undertaking”	the irrevocable undertaking dated 14 September 2020 given by VF in favour of the Offeror that it will not, inter alia, accept the Offer with respect to the 209,068,781 Shares held by it
“EURO”	Euro, the lawful currency of the European Union
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“MOP”	Macau Pataca, the lawful currency of Macau
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

LETTER FROM LEGO SECURITIES



Room 301
3/F, China Building
29 Queen's Road Central
Central, Hong Kong

3 November 2020

To the Offer Shareholders,

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
LEGO SECURITIES LIMITED
FOR AND ON BEHALF OF PERFECT ACHIEVER GROUP LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
MACAU LEGEND DEVELOPMENT LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED
TO BE ACQUIRED BY PERFECT ACHIEVER GROUP LIMITED
AND/OR PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement and the completion announcement dated 5 October 2020 made jointly by the Offeror and the Company and the extension of completion announcement dated 25 September 2020 made by the Offeror in relation to, among others, the sale and purchase of the Sale Shares and the Offer. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

As disclosed in the Joint Announcement, the Vendors and the Offeror entered into the Share Purchase Agreement on 11 September 2020, pursuant to which the Vendors have conditionally agreed to collectively sell, and the Offeror has conditionally agreed to purchase, the Sale Shares, being 1,280,237,424 Shares, representing approximately 20.65% of the entire issued share capital of the Company as at the Latest Practicable Date, for a total consideration of HK\$1,344,249,295.2, equivalent to HK\$1.05 per Sale Share. The Completion took place on 5 October 2020.

LETTER FROM LEGO SECURITIES

On 28 December 2012, the Covenantors entered into the Transfer Restrictions Agreement (which was further amended and restated on 5 June 2013, and was terminated on 1 June 2020) pursuant to which the Covenantors agreed not to transfer, whether directly or indirectly, any Shares registered in their respective names, or any right, title or interest therein or thereto such that the remaining percentage and aggregate number of the Shares held by any such Covenantors and his/her/its affiliate in the total issued capital of the Company falls below the following minimum percentage and number of the Shares held by any such Covenantors and his/her/its affiliate, where in aggregate shall not be less than 51% of the total issued share capital of the Company, or if any of the Covenantors proposes to directly or indirectly transfer any Shares registered in their respective names, all the other Covenantors shall have a right of first offer with respect to such transfer to acquire the relevant Shares.

Aggregate minimum shareholding required to be maintained as from the date of the amended and restated Transfer Restrictions Agreement		
Name of Covenantors	<i>Aggregate number of Share</i>	<i>Aggregate percentage of the post-IPO issued capital</i>
Mr. David Chow and All Landmark	1,243,818,051	17.61%
Mdm. Lam and Grand Bright	853,933,006	12.09%
Mr. Li and Elite Success	711,257,682	10.07%
Ms. Chan	793,190,046	11.23%
Total	3,602,198,785	51%

As at the Latest Practicable Date, the Vendors have obtained a waiver letter dated 1 June 2020 from the rest of the Covenantors, pursuant to which such Covenantors have agreed, among others, (i) to waive their respective right of first offer with respect of the share transfer contemplated under the Share Purchase Agreement with nil consideration; and (ii) to terminate the Transfer Restrictions Agreement in full effective as of the date of the waiver letter.

Before Completion, Mr. Chan, being the beneficial owner of the Offeror, was interested in 6,661,000 Shares, representing approximately 0.11% of the total issued share capital of the Company. Immediately after Completion, 920,541,424 Shares, 319,696,000 Shares and 40,000,000 Shares, representing approximately 14.84%, 5.16% and 0.65% of the total issued share capital of the Company, have been transferred to the Offeror from Mr. David Chow, All Landmark and PacBridge Capital, respectively, where the Offeror and its concert parties (excluding the Covenantors and Mr. Sheldon Trainor-DeGirolamo) is interested in 1,286,898,424 Shares, representing approximately 20.75% of the total issued share capital of the Company. After Completion, the Offeror Concert Party Group owns 4,182,221,684 Shares, representing approximately 67.44% of the total issued share capital of the Company, and the leader and make-up of the Offeror Concert Party Group have been changed, whereby the Offeror has become the leader of the Offeror Concert Party Group.

LETTER FROM LEGO SECURITIES

Pursuant to Note 1 to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror Concert Party Group).

This letter forms part of this Composite Document and sets out, among other things, the principal terms of the Offer, together with the information on the Offeror and the Offeror's intentions regarding the Group. Further details of the terms of the Offer and procedures for acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

MANDATORY UNCONDITIONAL CASH OFFER

As at the Latest Practicable Date, the Company had 6,201,187,120 Shares in issue. The Company did not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Principal terms of the Offer

Lego Securities, on behalf of the Offeror and in compliance with the Takeovers Code, hereby makes the Offer to acquire all the Offer Shares on the following basis:

For each Offer Share HK\$1.05 in cash

The Offer Price of HK\$1.05 per Offer Share is equal to the purchase price per Sale Share paid by the Offeror under the Share Purchase Agreement.

The Offer Shares to be acquired under the Offer shall be fully paid and free and clear of all Encumbrance and together with all rights attaching to them, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document. The Company has no intention to make any distribution or declare dividends before the close of the Offer.

The Offer is unconditional in all respects.

Comparisons of value

The Offer Price of HK\$1.05 per Offer Share represents:

- (i) a premium of approximately 9.38% over the closing price of HK\$0.96 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 14.13% over the average closing price of approximately HK\$0.92 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 consecutive trading days immediately prior to and including the Last Trading Day;

LETTER FROM LEGO SECURITIES

- (iii) a premium of approximately 12.90% over the average closing price of approximately HK\$0.93 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 11.70% over the average closing price of approximately HK\$0.94 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) the same price as the closing price of HK\$1.05 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vi) a discount of approximately 12.50% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$1.20 per Share as at 31 December 2019, calculated by dividing the Group's audited consolidated net assets attributable to the Shareholders of approximately HK\$7,464,294,000 as at 31 December 2019 by 6,201,187,120 Shares in issue as at the Latest Practicable Date;
- (vii) a discount of approximately 5.41% to the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$1.11 per Share as at 30 June 2020, calculated by dividing the Group's unaudited consolidated net assets attributable to the Shareholders of approximately HK\$6,873,898,000 as at 30 June 2020, as disclosed in the interim report of the Company for the six months ended 30 June 2020, by 6,201,187,120 Shares in issue as at the Latest Practicable Date; and
- (viii) a discount of approximately 31.37% to the unaudited adjusted net asset value per Share (“**Adjusted NAV**”) of approximately HK\$1.53 (as referred to in the paragraph headed “V. Property interests and adjusted NAV of the Group” in Appendix II to this Composite Document).

Highest and lowest Share prices

During the Relevant Period:

- (i) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.13 per Share on 2 July 2020; and
- (ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.86 per Share on 1 April 2020.

LETTER FROM LEGO SECURITIES

IRREVOCABLE UNDERTAKINGS

Certain Shareholders have given the following undertakings in favour to the Offeror:

DC Irrevocable Undertaking

Immediately after Completion, Mr. David Chow is interested in 483,781,402 Shares, representing approximately 7.80% of the issued share capital of the Company. Mr. David Chow has given the DC Irrevocable Undertaking in favour of the Offeror, pursuant to which Mr. David Chow has undertaken that he (i) shall not accept the Offer in respect of the 483,781,402 Shares held by him; and (ii) shall not sell, transfer, encumber, grant any rights over or otherwise dispose of the 483,781,402 Shares and/or otherwise make these Shares available for acceptance of the Offer, directly or indirectly. The DC Irrevocable Undertaking shall terminate immediately if the Offer is not made in accordance with the requirements under the Takeovers Code or the Offer closes, lapses or is withdrawn.

MC Irrevocable Undertaking

As at the date of the Joint Announcement, Ms. Chan Mei Yi, Melinda was interested in 129,690,066 Shares, representing approximately 2.09% of the issued share capital of the Company. Ms. Chan Mei Yi, Melinda has given the MC Irrevocable Undertaking in favour of the Offeror, pursuant to which she has undertaken that she (i) shall not accept the Offer in respect of the 129,690,066 Shares held by her; and (ii) shall not sell, transfer, encumber, grant any rights over or otherwise dispose of the 129,690,066 Shares and/or otherwise make these Shares available for acceptance of the Offer, directly or indirectly. The MC Irrevocable Undertaking shall terminate immediately if the Offer is not made in accordance with the requirements under the Takeovers Code or the Offer closes, lapses or is withdrawn.

ST Irrevocable Undertakings

As at the date of the Joint Announcement, Mr. Sheldon Trainor-DeGirolamo was interested in 2,518,504 Shares in his personal capacity, representing approximately 0.04% of the issued share capital of the Company, and immediately after Completion, PacBridge Capital (a company wholly-owned by Mr. Sheldon Trainor-DeGirolamo) is interested in 42,813,000 Shares, representing approximately 0.69% of the issued share capital of the Company. Mr. Sheldon Trainor-DeGirolamo and PacBridge Capital have given the ST Irrevocable Undertakings in favour of the Offeror, pursuant to which Mr. Sheldon Trainor-DeGirolamo and PacBridge Capital have undertaken that they (i) shall not accept the Offer in respect of the aggregate of 45,331,504 Shares held by them; and (ii) shall not sell, transfer, encumber, grant any rights over or otherwise dispose of the 45,331,504 Shares and/or otherwise make these Shares available for acceptance of the Offer, directly or indirectly. The ST Irrevocable Undertakings shall terminate immediately if the Offer is not made in accordance with the requirements under the Takeovers Code or the Offer closes, lapses or is withdrawn.

LETTER FROM LEGO SECURITIES

VF Irrevocable Undertaking

As at the date of the Joint Announcement, VF, a wholly-owned subsidiary of SJM Holdings Limited, was interested in 209,068,781 Shares, representing approximately 3.37% of the issued share capital of the Company. VF has given the VF Irrevocable Undertaking in favour of the Offeror, pursuant to which VF has undertaken that it (i) shall not accept the Offer in respect of the 209,068,781 Shares held by it; and (ii) shall not sell, transfer, encumber, grant any rights over or otherwise dispose of the 209,068,781 Shares and/or otherwise make these Shares available for acceptance of the Offer, directly or indirectly. The VF Irrevocable Undertaking shall terminate immediately if the Offer is not made in accordance with the requirements under the Takeovers Code or the Offer closes, lapses or is withdrawn.

Save for the above undertakings, there is no other Shareholder who has given any undertaking to the Offeror.

Value of the Offer

As at the Latest Practicable Date, there were 6,201,187,120 Shares in issue. On the basis of the Offer Price of HK\$1.05 per Offer Share, the entire issued ordinary share capital of the Company would be valued at HK\$6,511,246,476. The Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares, as at the Latest Practicable Date.

Excluding (i) the 4,182,221,684 Shares held by the Offeror Concert Party Group immediately after Completion; and (ii) the 209,068,781 Shares subject to the VF Irrevocable Undertaking, 1,809,896,655 Shares will be subject to the Offer. On the basis of full acceptance of the Offer, the maximum cash consideration payable by the Offeror under the Offer would be HK\$1,900,391,487.75 based on the Offer Price.

Financial resources available to the Offeror

The Offeror will finance and satisfy the consideration payable under the Offer with its internal resources.

Lego Corporate Finance, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration payable by the Offeror required for full acceptance of the Offer.

LETTER FROM LEGO SECURITIES

Effect of accepting the Offer

Acceptance of the Offer by any Offer Shareholder will constitute a warranty by such person that all Offer Shares to be sold by such person under the Offer are fully paid and free and clear of all Encumbrance whatsoever together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date of this Composite Document.

Acceptances of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong Stamp Duty

The seller's Hong Kong ad valorem stamp duty payable by the Offer Shareholders on acceptances of the Offer calculated at a rate of 0.1% of the consideration payable in respect of the relevant acceptances or, if higher, the market value of the Offer Shares subject to such acceptance, will be deducted from the amounts payable by the Offeror to such person on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Offer Shareholders who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfers of the relevant Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Payment

Payment in cash in respect of the Offer will be made as soon as possible but in any event within 7 business days (as defined under the Takeovers Code) of the date on which the duly completed acceptances of the Offer are received. Relevant documents evidencing title in respect of such acceptances must be received by the Offeror (or its agent) to render each such acceptance of the Offer complete and valid.

No fractions of a cent will be payable and the amount of cash consideration payable to the Offer Shareholder who accepts the Offer will be rounded up to the nearest cent.

Taxation advice

Offer Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror Concert Party Group, the Company, Lego Securities, Lego Corporate Finance, Somerley, the Independent Financial Adviser, the Registrar, and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

LETTER FROM LEGO SECURITIES

Overseas Shareholders

The Offeror intends to make the Offer available to all Offer Shareholders who are not resident in Hong Kong. The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should fully observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdiction).

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with and such acceptance should be valid and binding in accordance with all applicable laws. The Overseas Shareholders should consult their own professional advisers if in doubt.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands on 3 January 2020 with limited liability and is directly wholly owned by Mr. Chan. Mr. Chan is the sole director of the Offeror. Mr. Chan, aged 48, is a businessman who possesses over a decade's experience in the gaming industry and is the founder, major shareholder and chairman of Tak Chun Group, a leading gaming promoter in Macau principally engaged in gaming and entertainment business.

INFORMATION ON THE GROUP

Your attention is drawn to the details of the information of the Group as set out under the section headed "Information on the Group" in the "Letter from the Board" and Appendices II and IV to this Composite Document.

LETTER FROM LEGO SECURITIES

INTENTIONS OF THE OFFEROR ON THE GROUP

It is the intention of the Offeror that the Company will continue to focus on the development of its existing businesses, being the provision of entertainment and casino gaming services in Macau. The Offeror does not intend to introduce any major changes to the existing operations and business of the Group upon the close of the Offer.

Following the close of the Offer, the Offeror will conduct a review of the operations and financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development and, leveraging on Mr. Chan's assistance and experience in the gaming industry, will explore other business opportunities for the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth. In view of the aforesaid, the Offeror is of the view that the Offer is in its long-term commercial interest.

The Offeror has no intention to (i) terminate the employment of any employees of the Group or to make significant changes to any employment (except for a proposed change to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate as further disclosed in the paragraph headed "Proposed change to the Board composition of the Company" below and a change in company secretary); (ii) dispose of or redeploy the Group's fixed assets which are not in the ordinary and usual course of business of the Group; or (iii) conduct any fund raising activities as a result of completion of the Offer. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's business and operations to optimise the value of the Group.

As at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the Board comprises Mr. David Chow, Ms. Chan Mei Yi, Melinda, Mr. Sheldon Trainor-DeGirolamo and Mr. Chow Wan Hok, Donald as executive Directors; Mr. Tong Ka Wing, Carl and Ms. Ho Chiulin, Laurinda as the non-executive Directors and Mr. Fong Chung, Mark, Mr. Xie Min and Madam Tam Wai Chu, Maria as the independent non-executive Directors.

LETTER FROM LEGO SECURITIES

No Directors will resign before the close of the Offer. The Offeror has nominated Mr. Chan and Mr. Tsang Ka Hung, and will nominate another candidate to be new Directors with effect upon the close of the Offer. After the close of the Offer, Mr. David Chow will continue to be the co-chairman of the Board and will become a non-executive Director and Ms. Chan Mei Yi, Melinda will continue to act as the executive Director and the chief executive officer of the Company, while Mr. Chow Wan Hok, Donald and Mr. Sheldon Trainor-DeGirolamo will resign as executive Directors and Mr. Tong Ka Wing, Carl will resign as the non-executive Director and the co-chairman of the Board, and the Offeror has no intention to change the other existing Directors. Moreover, the Offeror noted that Mr. Fong Chung, Mark has tendered his resignation as an independent non-executive Director with effect from the earliest date as permitted under the Takeovers Code after the close of the Offer. Save for the above, there are no other Directors indicated that he/she will or will not resign as Directors as at the Latest Practicable Date. Such appointments and resignations will be made subject to the necessary procedure and approval of the Board as and when appropriate in accordance with the Takeovers Code and the Listing Rules.

Further announcement(s) will be made upon any changes to the composition to the Board in compliance with the Takeovers Code and the Listing Rules as and when appropriate.

The biographies of the new Directors are set out below:

Executive Directors

Mr. Chan Weng Lin, aged 48, is the founder and chairman of Tak Chun Group, a gaming promoter in Macau with over 1,000 staff members principally engaged in introducing VIP customers to respective casino's VIP rooms in Macau and receiving the profit streams from gaming promoter businesses at the respective casino's VIP rooms in Macau. Mr. Chan has over a decade's worth of experience in the gaming industry. He was the vice-president of Macau Junket Association (澳門娛樂博彩業中介人協會) in 2012, and the honorary president of Macau Responsible Gaming Association (澳門負責任博彩協會) and Macau ASEAN International Chamber of Commerce (澳門東盟國際商會) in 2013. He was the vice president of the General Association of Administrators & Promoters for Macau Gaming Industry (澳門博彩業管理暨中介人總會) in 2019. Mr. Chan has also been actively involved in community services. He was a member of the Jinjiang City Committee of Chinese People's Political Consultative Conference of the PRC (中國人民政治協商會議晉江市委員會) from 2012 to 2017, and served as the honorary president of China and Lusofonia Countries Culture, Art and Economy Promotion Association (中國與葡語國家經貿文化推廣協會) in 2012 and the life honorary chairman of Associação Geral Desportiva dos Naturais Fukien de Macau (澳門福建體育會) in 2013. Mr. Chan was appointed in July 2020 and is presently the executive vice president of Association of Members of the Chinese People's Political Consultative Conference of Fujian Province in Macau (福建省澳區政協聯誼會). He is also the founder and president of Tak Chun Charity Association established in June 2012. Mr. Chan was ranked in "Asian Gaming Power 50" ("亞洲博奕權勢榜50大") by "Inside Asian Gaming", a magazine in Macau, for consecutive years and ranked the 24th in 2019.

LETTER FROM LEGO SECURITIES

Mr. Tsang Ka Hung (“**Mr. Tsang**”), aged 36, joined Tak Chun Gaming Promotion Company Limited in 2013 and is the chief financial officer of Tak Chun Gaming Promotion Company Limited who is responsible for the setting of direction and strategy of the group, formulation of business plan and evaluation, allocation of group resources, financial reporting, internal control, compliance, corporate governance and credit assessment. Mr. Tsang has extensive experience in mergers and acquisitions, capital market, equity investment and accounting. Mr. Tsang graduated from The Chinese University of Hong Kong with a bachelor degree in engineering with first honour and holds a master degree of philosophy in engineering from The Chinese University of Hong Kong and is also a Certified Public Accountant. Prior to joining Tak Chun Group, Mr. Tsang worked at the audit department of Deloitte Touche Tohmatsu from 2008 to 2012 with his last held position as senior associate. Mr. Tsang was the director of investment of TCG Capital from 2013 to 2016, an investment fund which primarily invested in property and resorts in China and South-east Asia, capital market-equity investment, corporate financing and investment in the entertainment industry. Mr. Tsang has been appointed as the managing director and a member of the investment committee of TCG Capital since 2016.

The Company is aware of the interests of each of Mr. Chan (as a director and a shareholder of Tak Chun Group) and Mr. Tsang (as the chief financial officer of Tak Chun Gaming Promotion Company Limited) in Tak Chun Group, being a group of companies principally engaged in the gaming and entertainment business in Macau, which are considered to compete or likely to compete with the business of the Group pursuant to Rule 8.10 of the Listing Rules.

The Company is principally engaged in, among others, the provision of gaming services for mass market tables, VIP tables and slot machines in Macau. Tak Chun Group is principally engaged in introducing VIP customers to respective casino’s VIP rooms in Macau and receiving the profit streams from gaming promoter businesses at respective casino’s VIP rooms in Macau. Considering that (i) the majority of revenue from gaming operation of the Company are from mass market tables (which is of smaller bet size), the customer type of which is different from the target customers of Tak Chun Group; (ii) each of Tak Chun Group and the Company (excluding Mr. Chan and Mr. Tsang) has its own executive directors who are not common directors for each other and will supervise the operations of these companies respectively; (iii) Mr. Tsang will be resigned as the chief financial officer of Tak Chun Gaming Promotion Company Limited and re-designated as a director of Tak Chun Group in order to be more actively involved in his capacity as Director; and (iv) Mr. Chan and Mr. Tsang will make every reasonable effort to ensure that when making decisions, in performance of their duties as Directors of the Company, will act in the best interests of the Group, and taken into account of the existing business scale and operation of the Group, Mr. Chan and Mr. Tsang believe that the Group is capable of carrying on its business independently of, and at arm’s length from, the business of Tak Chun Group. In addition, the newly appointed Directors will propose to the Board for the implementation of the following measures (the “**Measures**”) to manage any potential conflict of interests between the business of the Group and Tak Chun Group in order to ensure that the new Directors to be appointed perform their respective duties properly and safeguard the interests of the Shareholders:

LETTER FROM LEGO SECURITIES

- (a) The interests of the Group shall be given priority when there is conflict of interest arising from competition between the Group and Tak Chun Group or when there is new corporate business opportunity relating to the gaming by or made available to Mr. Chan, Mr. Tsang or their respective close associates, where he/it/they shall refer such corporate business opportunity to the Company on a timely basis by giving written notice to the Company within 30 business days of identifying such corporate opportunity, such that the Group shall be provided with all necessary information to evaluate the merits of such corporate business opportunity and, if considered appropriate, secure such corporate business opportunity;
- (b) each of Mr. Chan and Mr. Tsang shall use their best effort to ensure that they will not take any direct or indirect action which constitutes an interference with or a disruption to the business activities of the Group including but not limited to solicitation of the customers, suppliers or personnel of any member of the Group for the benefit of Tak Chun Group, provision of any gaming services and operation of casino's VIP rooms on the premises of Macau Fisherman's Wharf by Tak Chun Group;
- (c) in the event that there is any conflict of interest in respect of the operations of the Group and Tak Chun Group arising from the business opportunities as referred to in (a) above, and/or any proposed contracts or arrangements between the Group and Tak Chun Group, Mr. Chan, Mr. Tsang and any other Director, who is considered to be interested in a particular matter or the subject matter, shall disclose his or her interests to the Board. Should a Director or his/her close associate has any material interests in the matter, he or she shall not vote on the resolutions at the meeting of the Board approving the same and shall not be counted in the quorum of the relevant meeting; and
- (d) the Board will seek independent and professional advices from external advisers at the Company's cost as and when necessary in accordance with the Code on Corporate Governance Practices and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

Moreover, as set out in the articles of association of the Company, there are provisions to avoid conflict of interests by requiring, among other things, that Directors who have a material interest in the matters to be resolved at the Board meeting to abstain from voting; and there are also mechanism provided to be adhered to if any question shall arise at any meeting of the Board as to the materiality of the interest of a Director or his associates. Any competing interest of the Directors will also be disclosed in the circular or annual reports of the Company in accordance with the requirements of the Listing Rules for the Shareholders' and the investors' consideration and assessment. Therefore, the Offeror and the new Directors to be appointed believe that, upon the implementation of the Measures, and with the restrictions in the articles of association, the Company has sufficient and appropriate measures and control mechanisms to ensure that the Directors perform their respective duties properly and safeguard the interests of the Company and the Shareholders as a whole.

Save as disclosed above, none of Mr. Chan, Mr. Tsang, or their respective associates has an interest in any business which competes, either directly or indirectly, with the business of the Group.

LETTER FROM LEGO SECURITIES

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Main Board of the Stock Exchange upon the close of the Offer. As disclosed in the supplemental prospectus of the Company dated 26 June 2013, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the minimum public float requirement of 25% and accepted a lower percentage of 19.04% upon listing of the Shares. The Stock Exchange has stated that if, upon closing of the Offer, less than the prescribed percentage applicable to the Company, being 19.04% of the issued Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

The Offeror, the new Directors to be appointed to the Board (namely Mr. Chan and Mr. Tsang) and the Directors (other than those Directors whose resignation will take effect upon close of the Offer) have undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares, which may include but not limited to placing down of sufficient number of accepted Shares by the Offeror and/or issue of additional Shares by the Company for this purpose. No arrangements have been confirmed or put in place as at the Latest Practicable Date. Further announcement(s) will be made in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

PROCEDURES FOR ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and the acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

LETTER FROM LEGO SECURITIES

COMPULSORY ACQUISITION

The Offeror does not intend to exercise any powers of compulsory acquisition of any Offer Shares outstanding and not acquired under the Offer after the close of the Offer.

GENERAL

To ensure equality of treatment of all Offer Shareholders, those registered Offer Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer. The attention of Offer Shareholders with registered addresses outside Hong Kong is also drawn to the section headed “Overseas Shareholders” in Appendix I to this Composite Document.

All documents and remittances to the Offer Shareholders will be sent by ordinary post at their own risk. Such documents and remittances will be sent to the Offer Shareholders at their respective addresses as they appear in the register of members of the Company or, in the case of joint Offer Shareholders, to the Offer Shareholder whose name appears first in the register of members of the Company. None of the Offeror, the Company, their respective ultimate beneficial owners and parties acting in concert with them, Lego Securities, Lego Corporate Finance, Somerley, the Independent Financial Adviser, the Registrar or any of their respective directors, officers or associates or professional advisers, agents or any other party involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. You are reminded to read carefully the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser” and other information about the Group which are set out in this Composite Document before deciding whether or not to accept the Offer.

In considering what action to take in connection with the Offer, you should consider your own tax or financial position and if you are in any doubt, you should consult your professional advisers.

Yours faithfully,
For and on behalf of
Lego Securities Limited
Kelvin Li
Director



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)

Executive Directors:

Mr. Chow Kam Fai, David
(Co-chairman)
Ms. Chan Mei Yi, Melinda
(Chief executive officer)
Mr. Sheldon Trainor-DeGirolamo
Mr. Chow Wan Hok, Donald

Non-executive Directors:

Mr. Tong Ka Wing, Carl *(Co-chairman)*
Ms. Ho Chiulin, Laurinda

Independent non-executive Directors:

Mr. Fong Chung, Mark
Mr. Xie Min
Madam Tam Wai Chu, Maria

Registered office:

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Principal place of business
in Hong Kong:*

Shop 102, 1/F, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

3 November 2020

To the Offer Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
LEGO SECURITIES LIMITED
FOR AND ON BEHALF OF PERFECT ACHIEVER GROUP LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
MACAU LEGEND DEVELOPMENT LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED
TO BE ACQUIRED BY PERFECT ACHIEVER GROUP LIMITED
AND/OR PARTIES ACTING IN CONCERT WITH IT)**

* *For identification purposes only*

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the Joint Announcement and the Completion announcement dated 5 October 2020 made jointly by the Company and the Offeror and the extension of Completion announcement dated 25 September 2020 made by the Offeror. The Company was notified that on 11 September 2020, the Vendors and the Offeror entered into the Share Purchase Agreement pursuant to which the Vendors have conditionally agreed to collectively sell and the Offeror has conditionally agreed to purchase the Sale Shares, being 1,280,237,424 Shares, representing approximately 20.65% of the entire issued share capital of the Company as at the Latest Practicable Date, for a total consideration of HK\$1,344,249,295.2, equivalent to HK\$1.05 per Sale Share. As informed by the Vendors and the Offeror, Completion took place on 5 October 2020.

On 28 December 2012, the Covenantors entered into the Transfer Restrictions Agreement (which was further amended and restated on 5 June 2013, and was terminated on 1 June 2020) pursuant to which the Covenantors agreed not to transfer, whether directly or indirectly, any Shares registered in their respective names, or any right, title or interest therein or thereto such that the remaining percentage and aggregate number of the Shares held by any such Covenantors and his/her/its affiliate in the total issued capital of the Company falls below the respective minimum percentage and number of the Shares held by any such Covenantors and his/her/its affiliate (as more particular are set out in “Letter from Lego Securities”), where in aggregate shall not be less than 51% of the total issued share capital of the Company, or if any of the Covenantors proposes to directly or indirectly transfer any Shares registered in their respective names, all the other Covenantors shall have a right of first offer with respect to such transfer to acquire the relevant Shares.

Before Completion, Mr. Chan, being the beneficial owner of the Offeror, was interested in 6,661,000 Shares, which represents approximately 0.11% of the total issued share capital of the Company. Immediately after Completion, 920,541,424 Shares, 319,696,000 Shares and 40,000,000 Shares, representing approximately 14.84%, 5.16% and 0.65% of the total issued share capital of the Company, had been transferred to the Offeror from Mr. David Chow, All Landmark and PacBridge Capital respectively, where the Offeror and its concert parties (excluding the Covenantors and Mr. Sheldon Trainor-DeGirolamo) were interested in 1,286,898,424 Shares, representing approximately 20.75% of the total issued share capital of the Company. After Completion, the Offeror Concert Party Group owned 4,182,221,684 Shares, representing approximately 67.44% of the total issued share capital of the Company, and the leader and make-up of the Offeror Concert Party Group had been changed, whereby the Offeror had become the leader of the Offeror Concert Party Group.

LETTER FROM THE BOARD

Pursuant to Note 1 to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror was required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror Concert Party Group).

The purpose of this Composite Document is to provide you with, among other things, (i) information relating to the Group, the Offeror and the Offer; (ii) a letter of recommendation from the Independent Board Committee to the Offer Shareholders in relation to the Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offer.

INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Fong Chung, Mark, Mr. Xie Min and Madam Tam Wai Chu, Maria, has been established to make recommendations to the Offer Shareholders on whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

Although Mr. Tong Ka Wing, Carl and Ms. Ho Chiulin, Laurinda are non-executive Directors, Mr. Tong Ka Wing, Carl, being a former director, chief executive officer and consultant of a management service company wholly owned by Ms. Chan, and Ms. Ho Chiulin, Laurinda, being the daughter of Ms. Chan, who in turn is a member of the Offeror Concert Party Group, are considered to have conflict of interest in advising on the terms of the Offer and therefore have not been appointed as members of the Independent Board Committee.

Altus Capital has been appointed as the Independent Financial Adviser (with the approval of the Independent Board Committee) to advise the Independent Board Committee in connection with the Offer.

You are advised to read the “Letter from the Independent Board Committee” addressed to the Offer Shareholders, the “Letter from the Independent Financial Adviser” and the additional information contained in the appendices to this Composite Document before taking any action in respect of the Offer.

LETTER FROM THE BOARD

MANDATORY UNCONDITIONAL CASH OFFER

The terms of the Offer as set out in the “Letter from Lego Securities” are extracted below. You are recommended to refer to the “Letter from Lego Securities” and the accompanying Form of Acceptance for further details.

As at the Latest Practicable Date, the Company had 6,201,187,120 Shares in issue. The Company did not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Lego Securities, on behalf of the Offeror and in compliance with the Takeovers Code, hereby makes the Offer to acquire all the Offer Shares on the following basis:

For each Offer Share HK\$1.05 in cash

The Offer Price of HK\$1.05 per Offer Share is equal to the purchase price per Sale Share paid by the Offeror under the Share Purchase Agreement.

The Offer Shares to be acquired under the Offer shall be fully paid and free and clear of all Encumbrance and together with all rights attaching to them, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document. The Company has no intention to make any distribution or declare dividends before the close of the Offer.

The Offer is unconditional in all respects.

INFORMATION ON THE GROUP

The Company is incorporated in the Cayman Islands with limited liability and is an investment holding company. The Group is principally engaged in the provision of entertainment and casino gaming services in Macau.

Your attention is drawn to Appendices II and IV to this Composite Document which contain financial information and general information of the Group.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately before Completion; and (ii) immediately after Completion and as at the Latest Practicable Date:

	Immediately before Completion		Immediately after Completion and as at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Mr. Chan (<i>Note 1</i>)	6,661,000	0.11	6,661,000	0.11
The Offeror	–	–	1,280,237,424	20.65
<i>Sub-total</i>	6,661,000	0.11	1,286,898,424	20.75
Mr. David Chow and his concert parties (<i>Note 2</i>)	1,854,308,892	29.90	614,071,468	9.90
Ms. Chan and her concert parties (<i>Note 3</i>)	1,012,768,609	16.33	1,012,768,609	16.33
Mr. Li and his concert party (<i>Note 4</i>)	1,122,647,179	18.10	1,122,647,179	18.10
Mdm. Lam and her concert party (<i>Note 5</i>)	100,504,500	1.62	100,504,500	1.62
Mr. Sheldon Trainor-DeGirolamo and his concert party (<i>Note 6</i>)	85,331,504	1.38	45,331,504	0.73
Aggregate number of Shares held by the Offeror Concert Party Group	4,182,221,684	67.44	4,182,221,684	67.44
Other Director				
Mr. Tong Ka Wing, Carl (<i>Note 7</i>)	6,591,579	0.11	6,591,579	0.11
Public Shareholders				
VF	209,068,781	3.37	209,068,781	3.37
Other public Shareholders	1,803,305,076	29.08	1,803,305,076	29.08
Total	6,201,187,120	100.00	6,201,187,120	100.00

LETTER FROM THE BOARD

Notes:

1. *The 6,661,000 Shares were held by Mr. Chan in his personal capacity.*
2. *Mr. David Chow is an executive Director. Among the 1,854,308,892 Shares in which he was interested in before Completion, 1,404,322,826 Shares were held by Mr. David Chow in his personal capacity, 319,696,000 Shares were held by All Landmark, 129,690,066 Shares were held by Ms. Chan Mei Yi, Melinda, the spouse of Mr. David Chow and an executive Director, in her personal capacity and 600,000 Shares were held by Mr. Chow Wan Hok, Donald, the son of Mr. David Chow and an executive Director, in his personal capacity.*
3. *Ms. Chan is a substantial Shareholder. Among the 1,012,768,609 Shares, 75,664,000 Shares were held by Ms. Chan in her personal capacity, 934,269,609 Shares were held by Earth Group Ventures Ltd. and 2,835,000 Shares were held by UNIR (HK) Management Limited, both were companies controlled by Ms. Chan.*
4. *Mr. Li is a substantial Shareholder. Among the 1,122,647,179 Shares, 110,047,429 Shares were held in his personal capacity and 1,012,599,750 Shares were held by Elite Success, a company controlled by Mr. Li.*
5. *Mdm. Lam is a Shareholder indirectly interested in 100,504,500 Shares being held by Grand Bright, a company controlled by her.*
6. *Mr. Sheldon Trainor-DeGirolamo is an executive Director. Among the 85,331,504 Shares in which he was interested in before Completion, 2,518,504 Shares were held in his personal capacity and 82,813,000 Shares were held by PacBridge Capital, a company indirectly wholly owned by Mr. Sheldon Trainor-DeGirolamo. Mr. Sheldon Trainor-DeGirolamo is considered to be acting in concert with the Offeror.*
7. *Mr. Tong Ka Wing, Carl is a non-executive Director who is not a party to nor participated in the Share Purchase Agreement.*
8. *Shareholding percentages may not add up to 100% due to rounding.*

LETTER FROM THE BOARD

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from Lego Securities” as set out in this Composite Document, and Appendix V to this Composite Document for information on the Offeror.

FUTURE INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the sections headed “Intentions of the Offeror on the Group” and “Proposed change to the board composition of the Company” in the “Letter from Lego Securities” as set out in this Composite Document. The Board notes that the Offeror intends to continue the existing principal businesses of the Group, being the provision of entertainment and casino gaming services in Macau and, save for the proposed change of board composition of the Company, the Offeror currently has no intention to introduce any major changes to the existing operations and business of the Group upon the close of the Offer.

The Board also notes the proposed Measures to be adopted as disclosed in “Proposed change to the board composition of the Company” in the “Letter from Lego Securities” to minimise the potential conflict of interest between Mr. Chan and Mr. Tsang on the one part and the Company on the other part. The Board will assess the sufficiency and appropriateness of the aforesaid proposed Measures following the close of the Offer and the independent non-executive Directors will review, at least on an annual basis, the implementation of and compliance with the Measures. Depending on the actual implementation and sufficiency, the Board may further adjust the Measures if and when appropriate.

FURTHER CHANGE TO THE BOARD COMPOSITION

On 28 October 2020, Mr. Fong Chung, Mark, has tendered his resignation as independent non-executive Director to the Company with effect from the earliest date as permitted under the Takeovers Code after the close of the Offer.

LETTER FROM THE BOARD

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Board notes that the Offeror intends to maintain the listing of the Shares on the Main Board of the Stock Exchange after the close of the Offer. As disclosed in the supplemental prospectus of the Company dated 26 June 2013, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the minimum public float requirement of 25% and accepted a lower percentage of 19.04% upon listing of the Shares. The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 19.04% of the issued Shares are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

The Offeror, the new Directors to be appointed to the Board (namely Mr. Chan and Mr. Tsang) and the Directors (other than those Directors whose resignation will take effect upon close of the Offer) have undertaken to the Stock Exchange to take appropriate steps following the close of the Offer to ensure that sufficient public float exists in the Shares.

RECOMMENDATION

Your attention is drawn to the “Letter from the Independent Board Committee” set out on pages 29 to 30 of this Composite Document and the “Letter from the Independent Financial Adviser” set out on pages 31 to 49 of this Composite Document, which contain, among other things, their advice in relation to the Offer and the principal factors considered by them in arriving at their recommendation, and in particular, as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

In considering what action to take in connection with the Offer, you should also consider your own tax positions, if any, and in case of any doubt, consult your own professional advisers.

Your faithfully,
By order of the Board
Macau Legend Development Limited
Chow Kam Fai, David
Co-Chairman and executive Director



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)

3 November 2020

To the Offer Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
LEGO SECURITIES LIMITED
FOR AND ON BEHALF OF PERFECT ACHIEVER GROUP LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
MACAU LEGEND DEVELOPMENT LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED
TO BE ACQUIRED BY PERFECT ACHIEVER GROUP LIMITED
AND/OR PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to the Composite Document dated 3 November 2020 jointly issued by the Company and the Offeror, of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed to constitute the Independent Board Committee to consider the terms of the Offer and to advise you (i.e. the Offer Shareholders) as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Offer Shareholders are concerned, and as to the acceptance of the Offer. Altus Capital has been appointed as the independent financial adviser to advise us in this respect. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the “Letter from the Independent Financial Adviser” on pages 31 to 49 of the Composite Document.

We also wish to draw your attention to the “Letter from the Board”, the “Letter from Lego Securities” and the additional information set out in the appendices to the Composite Document.

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Taking into account the terms of the Offer and the advice from Altus Capital, and the principal factors and reasons taken into account in arriving at its recommendation, we consider that the terms of the Offer are not fair and not reasonable so far as the Offer Shareholders are concerned. Accordingly, we recommend the Offer Shareholders not to accept the Offer.

Offer Shareholders who have decided to monetise their investments in the near term before the end of the offer period are reminded to closely monitor the prices and liquidity of the Shares, and may, having regard to their own circumstances, consider accepting the Offer, if the amount they can receive under the Offer is higher than the net proceeds from their sale of such Shares in the open market.

In any case, the Offer Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Offer Shareholders should consult their own professional advisers for advice. Furthermore, the Offer Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in the Composite Document and the Form of Acceptance.

Yours faithfully,
Independent Board Committee of
Macau Legend Development Limited

Fong Chung, Mark

Xie Min

Tam Wai Chu, Maria

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from Altus Capital, the independent financial adviser to the Independent Board Committee in respect of the Offer for the purpose of inclusion in the Composite Document.

ALTUS.

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

3 November 2020

To the Independent Board Committee

Macau Legend Development Limited
Shop 102, 1/F, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
LEGO SECURITIES LIMITED
FOR AND ON BEHALF OF PERFECT ACHIEVER GROUP LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
MACAU LEGEND DEVELOPMENT LIMITED (OTHER THAN
THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED
BY PERFECT ACHIEVER GROUP LIMITED AND/OR PARTIES
ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee in respect of the Offer. Details of the Offer are set out in the “Letter from Lego Securities” contained in the Composite Document dated 3 November 2020 jointly issued by the Company and the Offeror to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 11 September 2020 (after trading hours), the Vendors and the Offeror entered into the Share Purchase Agreement, pursuant to which the Vendors have conditionally agreed to collectively sell and the Offeror has conditionally agreed to purchase the Sale Shares, being 1,280,237,424 Shares, representing approximately 20.65% of the entire issued share capital of the Company as at 21 September 2020 (being the date of the Joint Announcement), for a total consideration of HK\$1,344,249,295.2, equivalent to HK\$1.05 per Sale Share, which was agreed between the Offeror and the Vendors after arm's length negotiations.

Completion took place on 5 October 2020. After Completion, the Offeror is acting in concert with the Covenantors where the Offeror Concert Party Group is interested in 4,182,221,684 Shares in aggregate, representing approximately 67.44% of the total issued share capital of the Company as at the Latest Practicable Date, and the leader and make-up of the Offeror Concert Party Group has changed, whereby the Offeror becomes the leader of the Offeror Concert Party Group. Pursuant to Note 1 to Rule 26.1 of the Takeovers Code, Lego Securities, on behalf of the Offeror and in compliance with the Takeovers Code is making the Offer in cash to acquire all the issued Shares not already owned by the Offeror and parties acting in concert with it.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors namely Mr. Fong Chung, Mark, Mr. Xie Min and Madam Tam Wai Chu, Maria, who have no direct or indirect interest in the Offer, has been established to make recommendations to the Offer Shareholders on whether the terms of the Offer are, or are not, fair and reasonable and as to the acceptance of the Offer.

Although Mr. Tong Ka Wing, Carl and Ms. Ho Chiulin, Laurinda are non-executive Directors, Mr. Tong Ka Wing, Carl, being a former director, chief executive officer and consultant of a management service company wholly-owned by Ms. Chan, and Ms. Ho Chiulin, Laurinda, being the daughter of Ms. Chan, who in turn is a member of the Offeror Concert Party Group, are considered to have conflict of interest in advising on the terms of the Offer and therefore have not been appointed as members of the Independent Board Committee.

As the Independent Financial Adviser with respect to the Offer, our role is to provide the Independent Board Committee with an independent opinion and recommendation as to whether the terms of the Offer are, or are not, fair and reasonable and whether the Offer Shareholders should, or should not, accept the Offer.

We (i) are not associated or connected with the Company or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them; and (ii) have not acted as the independent financial adviser to the independent board committee of the Company in relation to any transaction of the Company in the last two years prior to the date of the Composite Document. Pursuant to Rule 13.84 of the Listing Rules and Rule 2 of the Takeovers Code, and given that (i) remuneration for our engagement to opine on the Offer is at market level and not conditional upon the outcome of the Offer; (ii) no arrangement exists whereby we shall receive any fees or benefits from the Company or the Offeror (other than our said remuneration), their respective controlling shareholders or any parties acting in concert with any of them; and (iii) our engagement is on normal commercial terms, we are independent of the Company and can act as the independent financial adviser to the Independent Board Committee in respect of the Offer.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others (i) the Composite Document; (ii) the annual report of the Company for the year ended 31 December 2019 (“**2019 Annual Report**”); (iii) the interim report of the Company for the six months ended 30 June 2020 (“**2020 Interim Report**”); and (iv) other announcements made by the Company during the year ended 31 December 2019 and up to the Latest Practicable Date.

We have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and/or provided to us by the Company, the Directors, the management of the Company (the “**Management**”), the Offeror and the management of the Offeror (the “**Offeror Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in the Composite Document and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Composite Document. The Company will notify the Offer Shareholders of any material changes to information contained or referred to in the Composite Document as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The Offer Shareholders will also be informed as soon as practicable when there are any material changes to the information contained or referred to herein as well as changes to our opinion, if any, after the Latest Practicable Date and throughout the offer period.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material fact the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Company contained or referred to in the Composite Document and/or provided to us by the Company, the Directors and the Management have been reasonably made after due and careful enquiry. We have assumed that all the statements, information, opinions and representations for matters relating to the Offeror contained or referred to in the Composite Document and/or provided to us by the Offeror, the director(s) of the Offeror and the Offeror Management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Company.

We have not considered the taxation implications on the Offer Shareholders arising from acceptance or non-acceptance of the Offer, if any, and therefore we will not accept responsibility for any tax effect or liability that may potentially be incurred by the Offer Shareholders as a result of the Offer. In particular, the Offer Shareholders who are subject to Hong Kong or overseas taxation on dealings in securities are urged to seek their own professional adviser on tax matters.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL TERMS OF THE OFFER

The Offer, which is unconditional, is made by Lego Securities for and on behalf of the Offeror in compliance with the Takeovers Code. The Offer Price of HK\$1.05 per Offer Share is equal to the per Sale Share consideration under the Share Purchase Agreement. The Offer Shares to be acquired under the Offer shall be fully paid and free and clear of any lien and together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document. The Company has no intention to make any distribution or declare dividends before the close of the Offer.

As at the Latest Practicable Date, there were a total of 6,201,187,120 Shares in issue. On the basis of the Offer Price of HK\$1.05 per Offer Share, the entire issued ordinary share capital of the Company would be valued at HK\$6,511,246,476. The Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares, as at the Latest Practicable Date.

Excluding (i) the 4,182,221,684 Shares held by the Offeror Concert Party Group upon Completion; and (ii) the 209,068,781 Shares subject to the VF Irrevocable Undertaking and assuming no change in the issued share capital of the Company from the Latest Practicable Date up to the close of the Offer, 1,809,896,655 Shares will be subject to the Offer.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background information of the Company

The Group is one of the leading owners of entertainment and casino gaming facilities in Macau. It is principally engaged in (i) the provision of gaming services to Sociedade de Jogos de Macau, S.A. (“SJM”) in the Legend Palace Casino, Babylon Casino and Landmark Casino; (ii) the operation of casino inside Savan Legend Resorts Hotel and Entertainment Complex in the Lao People’s Democratic Republic (“Lao PDR”); and (iii) the operation of hotels, entertainment and leisure facilities within Macau Fisherman’s Wharf (“MFW”), including, but not limited to, the Legend Palace Hotel, Harbourview Hotel and Rocks Hotel. We noted from the 2020 Interim Report that the construction of the new hotel and casino complex in the Republic of Cabo Verde is in progress.

1.1. Financial information of the Group

Set out below are extracts of the consolidated financial information of the Group for the six months ended 30 June 2020 (“6M2020”), the six months ended 30 June 2019 (“6M2019”), the year ended 31 December 2019 (“FY2019”) and the year ended 31 December 2018 (“FY2018”), as extracted from the 2020 Interim Report and the 2019 Annual Report respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Extract of the consolidated statements of profit or loss and other comprehensive income

	FY2018	FY2019	6M2019	6M2020
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	1,865,383	2,359,666	1,081,772	364,086
Gaming services	1,357,940	1,898,200	867,540	287,056
Non-gaming operations	507,443	461,466	214,232	77,030
Gain on disposal of a subsidiary	3,430,078	–	–	–
Profit/(loss) for the year/period	1,966,106	(190,252)	(107,497)	(550,187)
Adjusted EBITDA^{Note 1}	359,797	365,788	151,479	(215,132)

Note 1 Adjusted EBITDA were extracted from the Management Discussion and Analysis section of the 2020 Interim Report and the 2019 Annual Report.

Extract of the consolidated statements of financial position

	As at 31 December		As at 30 June
	2018	2019	2020
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Current assets	1,845,393	2,006,106	782,672
– Bank balances and cash	1,445,855	1,564,226	517,406
Non-current assets	9,147,778	9,173,732	9,116,485
– Property and equipment	6,454,850	6,298,789	6,253,042
Total liabilities	3,301,229	3,715,544	3,025,259
– Bank and other borrowings			
Current	231,542	400,397	400,010
Non-current	1,822,170	1,558,497	1,559,582
Net assets	7,691,942	7,464,294	6,873,898

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

6M2020 compared to 6M2019

The Group's revenue is derived from two business segments, namely gaming services and non-gaming operations. The Group's revenue from gaming services consisted of (i) service income received from SJM for services and facilities provided in the Legend Palace Casino, Babylon Casino and Landmark Casino relating to mass market tables, VIP tables and slot machines; and (ii) casino operations in the Lao PDR, which in aggregate, contributed to approximately 78.8% of the Group's revenue in 6M2020. The Group's non-gaming revenue is derived from the operations in MFW including, but not limited to, the Legend Palace Hotel, Harbourview Hotel, Rocks Hotel and Savan Legend Resorts, which in aggregate, contributed to approximately 21.2% of the Group's revenue in 6M2020.

The Group reported a revenue of approximately HK\$364.1 million for 6M2020, representing a decrease of approximately 66.3% over that of 6M2019 of approximately HK\$1,081.8 million. Such decrease was mainly due to the combined effect of the drop in the Group's gaming revenue of approximately 66.9% and the drop in the Group's non-gaming revenue of approximately 64.0% as a result of (i) the temporary close down of all casinos in Macau for 14 days from 5 February 2020; (ii) the social distancing measures and travel restrictions imposed by the authority in response to the COVID-19 pandemic which have severely declined the tally of visitor arrivals to Macau¹ and Lao PDR during the period; and (iii) the corresponding decrease in revenue from hotel operation and food and beverage services.

As a result, the Group recorded loss for 6M2020 of approximately HK\$550.2 million, as compared to a loss of approximately HK\$107.5 million in 6M2019. The Group reported a loss in adjusted EBITDA of approximately HK\$215.1 million in 6M2020, representing a decrease of approximately 242.0% over that of the corresponding period in 2019. Such change from profit to loss in adjusted EBITDA was largely due to the significant decrease in revenue during the period.

As at 30 June 2020, the Group's net assets amounted to approximately HK\$6,873.9 million, representing a decrease of approximately 7.9% from approximately HK\$7,464.3 million as at 31 December 2019. The decrease was mainly due to the Group's loss for the period and the reduction in equity of approximately HK\$20.9 million as result of share repurchases made during 6M2020. For the six months ended 30 June 2020, the Group repurchased a total of 20,924,000 Shares at a price range between HK\$0.87 to HK\$1.14. The Group's net gearing ratio (expressed as total borrowings minus cash over total equity) increased from approximately 5.3% as at 31 December 2019 to approximately 21.0% as at 30 June 2020, which was mainly due to the drop in bank balances and cash from approximately HK\$1,564.2 million as at 31 December 2019 to approximately HK\$517.4 million as at 30 June 2020. According to the 2020 Interim Report, the decrease in bank balances and cash was primarily due to the refund of a deposit received from a potential investor during 6M2020.

¹ *According to the data from Macau Government Tourism Office, the average monthly total number of visitor arrivals was approximately 3.4 million for January to June 2019, and approximately 3.2 million for July to December 2019. The average monthly total number of visitor arrivals dropped by approximately 85.3% to approximately 0.5 million for January to June 2020 as compared to the corresponding period in 2019.*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

FY2019 compared to FY2018

The Group's revenue increased by approximately 26.5% from approximately HK\$1,865.4 million for FY2018 to approximately HK\$2,359.7 million for FY2019, which was mainly due to the significant increase in its revenue from gaming services, contributed by a maturing development in Legend Palace Casino, Babylon Casino and Landmark Casino and the strong performance in VIP sector. The Group's non-gaming revenue decreased by approximately 9.1% in FY2019, which was mainly due to the decrease in revenue contributed by The Landmark Macau after the disposal of 100% equity interest in New Macau Landmark Management Limited ("**New Macau Landmark**") in 2018².

The Group recorded a loss for FY2019 of approximately HK\$190.3 million as compared to a profit of approximately HK\$1,966.1 million for FY2018. The significant decrease in profit in FY2019 was mainly due to the absence of the gain on disposal of approximately HK\$3,430.1 million of New Macau Landmark recorded in April 2018. The Group's adjusted EBITDA remained relatively stable at approximately HK\$365.8 million in FY2019.

As at 31 December 2019, the Group's net assets amounted to approximately HK\$7,464.3 million, representing a decrease of approximately 3.0% from approximately HK\$7,691.9 million as at 31 December 2018. The decrease was mainly due to the Group's loss and the reduction in equity of approximately HK\$55.2 million as result of share repurchases made during FY2019. For the year ended 31 December 2019, the Group repurchased a total of 45,465,000 Shares at a price range between HK\$1.18 to HK\$1.23. The Group's net gearing ratio (expressed as total borrowings minus cash over total equity) was approximately 5.3% as at 31 December 2019, as compared to approximately 7.8% as at 31 December 2018. The slight decrease in the Group's net gearing ratio was mainly due to the combined effect of the net repayment of bank and other borrowings of approximately HK\$101.3 million during FY2019 and the increase in bank balances and cash of approximately HK\$118.4 million as at 31 December 2019 as compared to 31 December 2018.

1.2. Outlook of the Group

The Group's existing principal businesses are the provision of entertainment and casino gaming services in Macau. The Offeror has indicated that the Company will continue to focus on the development of its existing businesses and does not intend to introduce any major changes to the existing operations and business of the Group upon the close of the Offer. For details on the Offeror's intention in relation to the Group after completion of the Offer, please refer to the section headed "2.2 The Offeror's intention in relation to the Group" below.

The casinos and gaming sector is among the hardest-hit industries in Macau since the outbreak of COVID-19 in early 2020. According to the 2020 Interim Report, given the continuing strong support from the Group's local customer base, its gaming business in Macau performed better than the overall market during 6M2020. In particular, the Group's gross gaming revenue in Macau contracted by approximately 66.8% for 6M2020 as compared to 6M2019, while the overall gaming market in Macau contracted by approximately 77.0% for the same period.

2 *For further details of the disposal, please refer to the Company's announcements dated 9 November 2017, 29 March 2018 and 27 April 2018.*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the data released by the Macau Gaming Inspection and Coordination Bureau, the accumulated gross revenue from games and fortune in Macau for 2020 as at 31 August 2020 was extremely low at approximately MOP36.4 billion; it only accounted for approximately 18.4% of that for the corresponding period in 2019. Nevertheless, the monthly gross gaming revenue in Macau for September 2020 amounted to approximately MOP2,211 million, which is approximately 1.9 times higher than that of April 2020 of approximately MOP754 million. We noted that apart from some volatile fluctuations in May and June 2020, the monthly gross gaming revenue in Macau between April and September 2020 in general was in an increasing trend. As such, the Management is of the view that the gradual recovery in the Macau casinos and gaming industry will bring positive effect to the Group's performance.

During 6M2020, the Group had been focusing on upgrading its food and beverage service and entertainment offerings at MFW. Renovations for upgrading the facilities in the Convention and Exhibition Center of MFW had also been completed and put into service. As COVID-19 in Mainland China is gradually brought under control, the China's National Immigration Administration has announced that residents from Mainland China are allowed to travel to Macau starting from 23 September 2020 (given that travellers are able to present a certificate confirming a negative result for COVID-19 or a certificate of specimen collection for a COVID-19 nucleic acid test issued within the past seven days before they arrive Macau), the Management and the Offeror Management expect tourism industry in Macau will gradually resume with an increase in the number of visitors in the long-run. As such, the Management and the Offeror Management are confident that the Group is well-positioned to take advantage of the recovery when the tourism industry rebounds.

Overall, having considered that (i) the Macau government has responded well to contain the COVID-19 situation; (ii) the economic activities in Macau and Mainland China have been gradually improving and resuming by applying new normal practices of which (1) businesses are (a) complying with seating capacity control; (b) carrying out more frequent cleaning; (c) providing hand sanitisers for customers' use; or (d) conducting temperature checks on individuals entering business premises; and (2) individuals are (a) complying with social distancing measures; or (b) taking nucleic acid tests in order to obtain valid health codes; (iii) travel restrictions imposed by various countries and regions in response to the COVID-19 will remain in the near-term which will affect business and conventional travellers; and (iv) certain social distancing requirements and ongoing epidemic measures are still in place which dampen the travellers' interests to visit casinos, the Management and the Offeror Management believe, and we concur, that the casinos and gaming industry as well as the hotel and entertainment businesses in Macau may take time to gradually recover to a level comparable to pre-COVID-19. Hence, we consider it is reasonable for the Management and the Offeror Management to remain cautiously optimistic in the long-term outlook of the Group's business.

2. Background of the Offeror

2.1. The Offeror and its controlling shareholders

The Offeror is an investment holding company incorporated in the British Virgin Islands on 3 January 2020 with limited liability, and is directly wholly-owned by Mr. Chan. Mr. Chan is the sole director of the Offeror.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the “Letter from Lego Securities” of the Composite Document, Mr. Chan, aged 48, is a businessman who possesses over a decade’s experience in the gaming industry and is the founder, major shareholder and chairman of Tak Chun Group, a leading gaming promoter in Macau with over 1,300 staff members principally engaged in introducing VIP customers to respective casino’s VIP rooms in Macau and receiving the profit streams from gaming promoter businesses at the respective casino’s VIP rooms in Macau. Mr. Chan is presently the executive vice president of Association of Members of the Chinese People’s Political Consultative Conference of Fujian Province in Macau (福建省澳區政協聯誼會). He is also the founder and president of Tak Chun Charity Association established in June 2012. Mr. Chan was ranked in “Asian Gaming Power 50” (「亞洲博奕權勢榜50大」) by “Inside Asian Gaming”, a well-known magazine in Macau, for consecutive years and ranked the 24th in 2019.

We noted from the “Letter from Lego Securities” of the Composite Document that the two new proposed Directors (Mr. Chan and Mr. Tsang Ka Hung (“**Mr. Tsang**”)) believe that the Group is capable of carrying on its business independently of, and at arm’s length from, the business of Tak Chun Group and the newly appointed Directors will propose to the Board to implement measures to manage any potential conflict of interests between the business of the Group and Tak Chun Group in order to protect the interests of the Shareholders. Saved as disclosed in the “Letter from Lego Securities” of the Composite Document, none of Mr. Chan or his associates has an interest in any business which competes, either directly or indirectly, with the business of the Group.

2.2. The Offeror’s intention in relation to the Group

According to the “Letter from Lego Securities” of the Composite Document, the Offeror intends to continue to focus on the development of the Group’s existing businesses, being the provision of entertainment and casino gaming services in Macau. The Offeror does not intend to introduce any major changes to the existing operations and business of the Group upon the close of the Offer.

Following the close of the Offer, the Offeror will conduct a review on the operations and financial position of the Group for the purpose of formulating business plans and strategies for the Group’s long-term business development and will explore other business opportunities for the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth.

With regard to the Board composition of the Company, the Offeror has nominated Mr. Chan, Mr. Tsang, and will nominate another candidate to be new Directors with effect upon the close of the Offer. It is the intention of the Offeror that after the close of the Offer, Mr. David Chow will continue to be the co-chairman of the Company and will become a non-executive Director and Ms. Chan Mei Yi, Melinda will continue to act as the executive Director and the chief executive officer of the Company, while Mr. Chow Wan Hok, Donald and Mr. Sheldon Trainor-DeGirolamo will resign as executive Directors and Mr. Tong Ka Wing, Carl will resign as the non-executive Director and the co-chairman of the Board, and the Offeror has no intention to change the other existing Directors.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Amongst the two proposed Directors, as stated in the “Letter from Lego Securities” of the Composite Document, Mr. Chan has extensive experience in the gaming industry as discussed under the section headed “2.1 The Offeror and its controlling shareholders” above. Mr. Tsang as stated in the “Letter from Lego Securities” of the Composite Document, has broad experience in mergers and acquisitions, capital market, equity investment and accounting. Before joining Tak Chun Group, Mr. Tsang was the managing director and a member of the investment committee of TCG Capital, an investment fund which primarily invested in property and resorts in China and South-east Asia, capital market-equity investment, corporate financing and investment in the entertainment industry. Based on the above, the Management and the Offeror Management believe Mr. Chan and Mr. Tsang will leverage on their industry and business managerial experience to oversee the Group’s business and to lead the Group through the current time so as to position itself to take advantage of the recovery when the tourism industry rebounds.

Save for the above and a change in company secretary, the Offeror has no intention to (i) terminate the employment of any employees of the Group or to make significant changes to any employment; (ii) dispose of or re-allocate the Group’s fixed assets which are not in the ordinary and usual course of business of the Group; or (iii) conduct any fund raising activities as a result of completion of the Offer. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group’s business and operations to optimise the value of the Group.

As stated in the “Letter from Lego Securities” of the Composite Document, as at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

2.3. Further change to the Board composition

On 28 October 2020, Mr. Fong Chung, Mark, has tendered his resignation as independent non-executive Director to the Company with effect from the earliest date as permitted under the Takeovers Code after the close of the Offer. Save for the above, there are no other Directors indicated that he/she will or will not resign as Directors as at the Latest Practicable Date. Such appointments and resignations will be made subject to the necessary procedure and approval of the Board and as and when appropriate in accordance with the Takeovers Code and the Listing Rules.

2.4. Listing status of the Company

According to the “Letter from Lego Securities” of the Composite Document, the Offeror intends to maintain the listing of the Shares on the Main Board of the Stock Exchange upon the close of the Offer.

As disclosed in the supplemental prospectus of the Company dated 26 June 2013, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the minimum public float requirement of 25% and accepted a lower percentage of 19.04% upon listing of the Shares. The Stock Exchange has stated that if, upon closing of the Offer, less than the prescribed percentage applicable to the Company, being 19.04% of the issued Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Offeror, the new Directors to be appointed to the Board (namely Mr. Chan and Mr. Tsang) and the Directors (other than those Directors whose resignation will take effect upon close of the Offer) have undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares, which may include but not limited to placing down of sufficient number of accepted Shares by the Offeror and/or issue of additional Shares by the Company for this purpose. No arrangements have been confirmed or put in place as at the Latest Practicable Date. Further announcement(s) will be made in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

3. Offer Price

3.1. Offer Price comparison

The Offer Price of HK\$1.05 per Offer Share represents:

- (a) a premium of approximately 9.38% over the closing price of HK\$0.96 per Share as quoted on the Stock Exchange on 11 September 2020, being the Last Trading Day;
- (b) a premium of approximately 14.13% over the average closing price of HK\$0.92 per Share based on the daily closing prices as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (c) a premium of approximately 12.90% over the average closing price of approximately HK\$0.93 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a premium of approximately 11.70% over the average closing price of approximately HK\$0.94 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (e) the closing price of HK\$1.05 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (f) a discount of approximately 12.50% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$1.20 per Share as at 31 December 2019, calculated by dividing the Group's audited consolidated net assets attributable to the Shareholders of approximately HK\$7,464,294,000 as at 31 December 2019 by 6,201,187,120 Shares in issue as at Latest Practicable Date;
- (g) a discount of approximately 5.41% to the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$1.11 per Share as at 30 June 2020, calculated by dividing the Group's unaudited consolidated net assets attributable to the Shareholders of approximately HK\$6,873,898,000 as at 30 June 2020 by 6,201,187,120 Shares in issue as at Latest Practicable Date; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

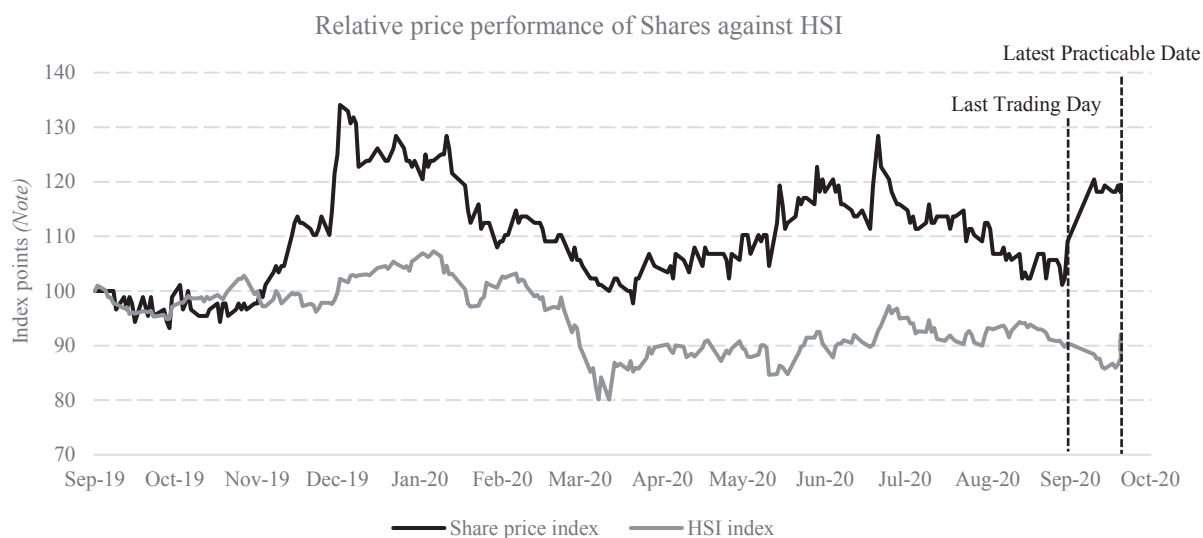
- (h) a discount of approximately 31.37% to the reassessed consolidated net asset value attributable to the Shareholders per Share of approximately HK\$1.53, calculated by dividing the reassessed consolidated net asset value attributable to the Shareholders of approximately HK\$9,476,898,000 by 6,201,187,120 Shares in issue as at the Latest Practicable Date. For details of the reassessed consolidated net asset value attributable to the Shareholders, please refer to the section headed “3.3.1 Reassessed NAV” below and the section headed “V. Property interests and adjusted NAV of the Group” in Appendix II to the Composite Document.

3.2. Analysis of historical Share price movement and trading liquidity

3.2.1. Share price movement

Set out below is a chart showing the relative movement of the closing prices of Shares against Hang Seng Index (“HSI”) during the period from 12 September 2019, being one year before the Last Trading Day, up to the Latest Practicable Date (the “Review Period”) to illustrate the general trend and level of movement of the closing prices of the Shares.

Over the Review Period, the highest and lowest closing price of the Shares were HK\$1.18 on 13 December 2019 and HK\$0.82 on 10 October 2019 respectively. The average closing price of the Shares over the Review Period was approximately HK\$0.97.



Source: The Stock Exchange website (www.hkex.com.hk)

Note: The closing prices of the Shares and HSI have been rebased to 100 as at 12 September 2019.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The closing price of the Shares fluctuated between HK\$0.85 to HK\$0.88 from the beginning of the Review Period to 26 September 2019 and then decreased to HK\$0.82 on 10 October 2019, being the lowest closing price during the Review Period. The closing price of the Shares started to recover in November 2019 and reached HK\$1.18 on 13 December 2019, being the highest closing price during the Review Period. Starting from February 2020, the Company's business was negatively impacted by the COVID-19 outbreak, causing its closing price of the Shares to drop to HK\$0.86 on 1 April 2020. Subsequently, the closing price of the Shares slowly recovered to HK\$1.13 on 2 July 2020, and then decreased gradually to HK\$0.98 on 13 August 2020. After the publication of the Joint Announcement, the closing price of the Shares increased significantly to HK\$1.06 on 21 September 2020 and continued to trade in a narrow band up to the Latest Practicable Date. Based on the above graph, we are of the view that the Share price movement was largely in line with the overall trend of the Hang Seng Index during the Review Period. Throughout the Review Period, we noted that the Company had on-market repurchased a total of 20,924,000 Shares (representing less than 0.4% of the total Shares in issue as at the Latest Practicable Date) at prices ranging from HK\$0.87 to HK\$1.14 in January, April and May 2020. Save as disclosed above, we are not aware of any other reasons or other announcements published by the Company during the Review Period which may have correlation to the Share price movement shown in the chart above.

Despite the Offer Price of HK\$1.05 is above the average closing price of the Shares over the Review Period of approximately HK\$0.97, taking into consideration (i) the Company's Share price had slowly recovered since November 2019 and has outperformed the HSI with the average closing price of the Shares in December 2019 and January 2020 reaching approximately HK\$1.08 before the COVID-19 outbreak; (ii) whilst the Share price was negatively impacted by the COVID-19 outbreak in the first quarter of 2020, it is noted that such impact on the business of the Group was then expected to be temporary as evident by the recovery of Macau's monthly gross gaming revenue from April to August 2020 as discussed in the section headed "1.2 Outlook of the Group" above which may help to stabilise the Share price and regain the rising momentum; (iii) the Offer price was traded at a discount to NAV and Reassessed NAV as mentioned in the section headed "3.1 Offer Price comparison" above and in particular, the implied P/B Ratio of the Company based of NAV and Reassessed NAV ranged from 0.69 to 0.95 time as discussed in the section headed "3.3.2 P/B Ratio" below; and (iv) the basis and reasons for the Management and the Offeror Management to remain cautiously optimistic on the long-term outlook of the Group's business as discussed under the section headed "1.2 Outlook of the Group" above, we are of the view that the Offer Price is not attractive and is not fair and not reasonable from a long-term investment perspective.

Given that the business performance of the Group may continue to be negatively impacted by COVID-19 in the near term, the Share price may also face downward pressure in the short term. Offer Shareholders who wish to monetise their investments in the near term before the end of the offer period are reminded to closely monitor the prices and liquidity of the Shares, and may, after careful consideration of all the analysis set out in this letter and their own circumstances, still consider accepting the Offer, if the amount they can receive under the Offer is higher than the net proceeds from their sale of such Shares in the open market.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3.2.2. Trading volume of Shares

The table below sets out the average daily trading volume of the Shares on a monthly basis during the Review Period and the respective percentages of the average daily trading volume of the Shares as compared to the total number of issued Shares and Shares held by public.

	Average daily trading volume	Approximate % of average daily trading volume to total issued Shares ¹	Approximate % of average daily trading volume to Shares held by public ²
September 2019 (starting from 12 September)	4,473,600	0.07%	0.22%
October 2019	2,357,978	0.04%	0.12%
November 2019	2,162,876	0.03%	0.11%
December 2019	3,783,732	0.06%	0.19%
January 2020	2,180,700	0.04%	0.11%
February 2020	1,586,916	0.03%	0.08%
March 2020	1,880,024	0.03%	0.09%
April 2020	1,446,455	0.02%	0.07%
May 2020	1,244,599	0.02%	0.06%
June 2020	1,208,535	0.02%	0.06%
July 2020	2,054,539	0.03%	0.10%
August 2020	1,445,753	0.02%	0.07%
September 2020	11,297,523	0.18%	0.56%
October 2020 (up to the Latest Practicable Date)	3,218,479	0.05%	0.16%

Source: The Stock Exchange website (www.hkex.com.hk)

Notes:

1. Based on the total number of issued Shares as at each month or period end.
2. Based on the total number of issued Shares as at each month or period end minus the Shares held by Offeror Concert Party Group and Mr. Tong Ka Wing, Carl as at the Latest Practicable Date.

As illustrated in the above table, the liquidity of Shares was generally low with the percentage of the average daily trading volume to the total number of issued Shares ranging from approximately 0.02% to 0.18%. The percentage of the average daily trading volume to the Shares held by public ranged from approximately 0.06% to 0.56%. The average daily trading volume of the Shares during the Review Period was approximately 2,685,497 Shares, representing approximately 0.04% and 0.13% of the total number of issued Shares and Shares held by public respectively.

Offer Shareholders should note that the trading volume of the Shares was generally thin and such liquidity would suggest that any sale of large number of Shares on the market over a short period of time may be difficult without exerting downward pressure on the Share price.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3.3. Market comparable analysis

3.3.1. Reassessed NAV

For illustration purposes, the net asset value (“NAV”) of the Group as at 30 June 2020 is reassessed based on the valuation of its properties as at 31 August 2020 as set out in the valuation report prepared by Knight Frank Petty Limited (the “Valuer”) as set out in Appendix III to the Composite Document. Set out in the table below is the NAV having adjusted for the valuation surplus (the “Reassessed NAV”) to reflect the latest market value of the properties held by the Group as at 30 June 2020.

	<i>Notes</i>	<i>Approximate HK\$ 'million</i>
Total market value as at 31 August 2020 of the properties held by the Group as at 30 June 2020	1	8,580.2
Less: carrying value of the properties held by the Group as at 30 June 2020		(5,977.2)
Revaluation surplus		2,603.0
Consolidated NAV as at 30 June 2020		6,873.9
Add: revaluation surplus		2,603.0
Reassessed NAV as at 30 June 2020	2	9,476.9

Notes:

1. *For a fair comparison, various adjustments were made to the valuation of the Group’s properties as at 31 August 2020 to reflect the condition and status of the Group’s properties as at 30 June 2020. Elements such as development cost incurred subsequent to 30 June 2020 were taken out and adjusted in the calculation.*

2. *We wish to highlight that we noted from the valuation report that the Valuer is not able to conduct the inspection for the property in Lao PDR (with market value of approximately HK\$404 million) according to the latest Travel Advisory by Ministry of Foreign Affairs of Lao PDR on COVID-19. We noted that revenue contributed by the property in Lao PDR for FY2019 and 6M2020 were less than 11% and 12% of the Group’s total revenue during the respective year or period. Due to the materiality of its revenue contribution to the Group, though we have no reasons to doubt the existence or ownership of the property, for illustration purposes, if the valuation of this property in Lao PDR was excluded, the adjusted Reassessed NAV would be approximately HK\$9,288.7 million and the implied P/B Ratio based on the adjusted Reassessed NAV would be approximately 0.7 time. As such, we consider the impact of the above exclusion to the Reassessed NAV and the respective implied P/B Ratio is immaterial.*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3.3.2. P/B Ratio

In assessing the fairness and reasonableness of the Offer Price, we have conducted an analysis by comparing the implied price-to-book ratio of the Company based on the Offer Price and the price-to-book ratio (“**P/B Ratio**”) of the comparable companies (the “**Comparables**”).

We have identified seven Comparables based on the following criteria: (i) they are listed on the Main Board of the Stock Exchange; and (ii) their principal businesses include the provision of gaming services and operation of hotels in Macau (with more than 85% of revenue derived therefrom).

Offer Shareholders should note that despite the aforesaid criteria, the business, scale of operation, trading prospect, location of properties and projects, and capital structure of the Group are not exactly the same as those of the Comparables, and we have not conducted any in-depth investigation into the businesses and operations of the Comparables. We wish to supplement that given the Company was loss-making during the latest financial year, we considered that price-to-earnings ratio is not appropriate to our analysis.

The list of Comparables is exhaustive and is sufficient for us to form a view on the fairness and reasonableness of the Offer Price. Details of the Comparables are summarised below:

Company name	Stock code	Description of principal businesses	Net asset value (HK\$ million) ¹	Market capitalisation (HK\$ million) ²	P/B Ratio ³
Emperor Entertainment Hotel Limited	296	Engaged in the provision of entertainment and hospitality services in Macau.	4,696.8	1,240.0	0.26
Galaxy Entertainment Group Limited	27	Engaged in the development and the operation of a large portfolio of integrated resort, retail, dining, hotel and gaming facilities in Macau.	66,281.5	221,910.0	3.35
Melco International Development Limited	200	Engaged in the development and the operation of casino gaming and entertainment casino resort facilities in Asia and Europe.	13,184.4	19,030.0	1.44
MGM China Holdings Limited	2282	Engaged in the development and operation of casino games of chance and other casino games and the related hotel and resort facilities, and the development of integrated resorts in Macau.	7,308.5	38,830.0	5.31
Sands China Limited	1928	Engaged in the development and operation of integrated resorts in Macau.	21,150.8 ⁴	219,640.0	10.38

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name	Stock code	Description of principal businesses	Net asset value (HK\$ million) ¹	Market capitalisation (HK\$ million) ²	P/B Ratio ³
SJM Holdings Limited	880	Engaged in casino gaming operations and gaming-related activities and hotel, catering, retail and related services in Macau.	26,074.7	45,570.0	1.75
Wynn Macau, Limited	1128	Engaged in the development and operation of the destination casino resorts “Wynn Palace” in the Cotai area of Macau and “Wynn Macau” on the Macau peninsula.	(1,864.0)	55,600.0	N/A ⁵
				Maximum:	10.38
				Minimum:	0.26
				Mean:	3.75
				Median:	2.55
The Company	1680	Engaged in the provision of entertainment and casino gaming services in Macau.	6,873.9-9,476.9⁶	6,511.25⁷	0.69-0.95^{8,9}

Source: The Stock Exchange website (www.hkex.com.hk)

Notes:

1. Net asset value refers to net assets attributable to owners of the company reported in the respective companies' latest published financial reports or results announcement as the case may be.
2. Market capitalisation is calculated based on the closing share price and number of shares in issue at the Latest Practicable Date sourced from the website of the Stock Exchange.
3. P/B Ratio is calculated based on the market capitalisation and net asset value as described in notes 1 and 2 above.
4. The exchange rate of US\$1: HK\$7.7504 was used.
5. Wynn Macau, Limited reported net liabilities as at 30 June 2020; hence no P/B Ratio is calculated.
6. The amount represents Reassessed NAV as at 30 June 2020. For further details, please refer to the section headed “3.3.1 Reassessed NAV” above.
7. The implied market capitalisation of the Company is calculated by multiplying the Offer Price with the number of Shares in issue as at the Latest Practicable Date.
8. The implied P/B Ratio of the Company of approximately 0.95 time is calculated based on the market capitalisation of the Company as described in note 6 above divided by the consolidated NAV as at 30 June 2020.
9. The implied P/B Ratio of the Company of approximately 0.69 time is calculated based on the market capitalisation of the Company as described in note 6 above divided by the Reassessed NAV as at 30 June 2020 as described in the section headed “3.3.1 Reassessed NAV” above.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As illustrated in the table above, the P/B Ratios of the Comparables range from approximately 0.26 time to 10.38 times, with the mean and median being approximately 3.75 times and 2.55 times respectively. The implied P/B Ratio (“**Implied P/B Ratio**”) of the Company based on the Offer Price, NAV and Reassessed NAV as at 30 June 2020 ranges from approximately 0.69 time to 0.95 time. Notwithstanding that the Implied P/B Ratio falls within the range of that of the Comparables, it is substantially lower than the mean and median of the Comparables.

Considering that the Implied P/B Ratio is considerably lower than the mean and median of the P/B Ratios of the Comparables, we are of the view that the Offer Price is not attractive and is not fair and not reasonable as far as the Company and the Offer Shareholders are concerned.

RECOMMENDATION

In summary, taking into account that (i) whilst the Offer Price is higher than the average closing price of the Shares during the Review Period and the Share price was temporarily impacted by the poor market sentiment caused by the global outbreak of COVID-19 since early 2020; (ii) considering the Offer Price indicates a relatively low Implied P/B Ratio as compared to the P/B Ratios of the Comparables; and (iii) we believe that the casinos and gaming industry in Macau may gradually recover and we consider that it is reasonable for the Management and the Offeror Management to remain cautiously optimistic on the long-term outlook of the Group’s business, we are of the view that the Offer Price is not attractive, rendering the terms of the Offer not fair and not reasonable. Accordingly, we recommend the Independent Board Committee to advise the Offer Shareholders not to accept the Offer.

Offer Shareholders who have decided to monetise their investments in the near term before the end of the offer period are reminded to closely monitor the prices and liquidity of the Shares, and may, having regard to their own circumstances, consider accepting the Offer, if the amount they can receive under the Offer is higher than the net proceeds from their sale of such Shares in the open market.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As different Offer Shareholders would have different investment criteria, objectives or risk appetite and profiles, we recommend any Offer Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
Altus Capital Limited

Jeanny Leung
Executive Director

Leo Tam
Assistant Director

*Ms. Jeanny Leung (“**Ms. Leung**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions.*

*Mr. Leo Tam (“**Mr. Tam**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. He has over five years of experience in corporate finance and advisory in Hong Kong, in particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions. Mr. Tam is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.*

PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must send the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) by post or by hand to the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, marked "**Macau Legend Development Limited – Offer**" on the envelope as soon as possible but in any event so as to reach the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares with the nominee company, or other nominee, and with instructions authorising it to accept the Offer on your behalf and request it to deliver the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar; or

 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar; or

- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and signed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/ or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to Lego Securities and/or the Offeror and/or their respective agent(s) to collect from the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

- (e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine in compliance with the requirements of the Takeovers Code and announce, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares and, if that/those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other document(s) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Offer Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Offer Shareholders, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

- (f) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

ACCEPTANCE PERIOD AND REVISIONS

The Offer is made on Tuesday, 3 November 2020, being the date of despatch of this Composite Document, and is capable of acceptance on and from this date until 4:00 p.m. on the Closing Date.

Unless the Offer has previously been revised or extended with the consent of the Executive, all Form of Acceptance must be received by the Registrar by 4:00 p.m. on the Closing Date in accordance with the instructions printed thereon.

The Offeror and the Company will jointly issue an announcement on the websites of the Stock Exchange and the Company no later than 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been extended, revised or has expired.

In the event that the Offeror decides to extend the Offer, the Offeror will issue an announcement in relation to any extension of the Offer, which will state either the next closing date or, a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice by way of announcement will be given, before the Offer is closed, to those Offer Shareholders who have not accepted the Offer.

If the Offeror revises the terms of the Offer, all Offer Shareholders, whether or not they have already accepted the Offer will be entitled to the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document is posted.

If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offer as so extended.

ANNOUNCEMENTS

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement in accordance with the Takeovers Code on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised, extended or expired. The announcement will state the following:
- (i) the total number of Shares for which acceptances of the Offer have been received;
 - (ii) the total number of Shares held, controlled or directed by the Offeror or parties acting in concert with it before the Offer Period;
 - (iii) the total number of Shares acquired or agreed to be acquired during the Offer Period by the Offeror or parties acting in concert with it; and
 - (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any parties acting in concert with it have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement will specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by the number of securities as referred to in (i) to (iv) above.

- (b) In computing the total number of Shares represented by acceptances as of the Closing Date, only valid acceptances which are in all respects complete and in good order, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offer will be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Offer Shareholders or by their agent(s) on their behalfs shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed "Announcements" above, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the Offer Shareholders who have tendered acceptances of the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph can be met. In such case, when the Offer Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to the relevant Offer Shareholders at his/her/its own risks.

SETTLEMENT OF THE OFFER

Provided that the Form of Acceptance and/or the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are valid, complete and in good order in all respects and have been received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, a cheque for the amount representing the cash consideration due to each accepting Offer Shareholder less seller's ad valorem stamp duty in respect of the Offer Shares tendered by it/him/her under the Offer will be despatched to each accepting Offer Shareholder by ordinary post at its/his/her own risk as soon as possible but in any event within 7 business days (as defined under the Takeovers Code) following the date of receipt of duly completed acceptances by the Registrar in accordance with the Takeovers Code.

Save for payment of the seller's ad valorem stamp duty in respect of the Offer Shares set out above, settlement of the consideration to which any accepting Offer Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Offer Shareholder.

No fraction of a cent will be payable and the amount of cash consideration payable to an Offer Shareholder who accepts the Offer will be rounded up to the nearest cent.

OVERSEAS SHAREHOLDERS

The Offeror intends to make the Offer available to all Offer Shareholders who are not resident in Hong Kong. The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should fully observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdiction).

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with and such acceptance should be valid and binding in accordance with all applicable laws. The Overseas Shareholders should consult their own professional advisers if in doubt.

STAMP DUTY

Seller's ad valorem stamp duty arising in connection with acceptance of the Offer payable by the Offer Shareholders that accept the Offer at a rate of 0.1% of (i) the consideration payable by the Offeror in respect of the relevant acceptance of the Offer; or (ii) the market value of the Offer Shares, whichever is the higher, will be deducted from the amount payable by the Offeror to such Offer Shareholder on the acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Offer Shareholders who accept the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

TAX IMPLICATION

Offer Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror Concert Party Group, the Company, Lego Securities, Lego Corporate Finance, Somerley, the Independent Financial Adviser, the Registrar, and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

GENERAL

- (a) All communications, notices, Form of Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Offer Shareholders will be delivered by or sent to or from them, or their designated agents through post at their own risk, and none of the Company, the Offeror, Lego Securities, Lego Corporate Finance, Somerley, the Independent Financial Adviser, the Registrar nor any of their respective directors or agents or other parties involved in the Offer accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or the Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer and all acceptances under the Offer will be governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an authority to the Offeror, Lego Securities or such person or persons as the Offeror may direct to complete and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the Shares, in respect of which such person or persons has accepted the Offer.

- (f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror that the Shares are sold to the Offeror free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching thereto as at the date of this Composite Document or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.
- (g) References to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (h) The Offer is made in accordance with the Takeovers Code.
- (i) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the relevant Form(s) of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Offer.
- (j) The English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.
- (k) In making their decision, the Offer Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Company, the Offeror and parties acting in concert with each of them, Lego Securities, Lego Corporate Finance, Somerley, the Independent Financial Adviser, the Registrar or any of their respective ultimate beneficial owners, directors, officers, advisers, associates, agents or any persons involved in the Offer. The Offer Shareholders should consult their own professional advisers for professional advice.

NOMINEE REGISTRATION

To ensure equality of treatment of all Offer Shareholders, those registered Offer Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instruction to their nominees of their intentions with regard to the Offer.

I. SUMMARY OF FINANCIAL INFORMATION

Set out below is a summary of the audited consolidated financial information of the Group for each of the three financial years ended 31 December 2017, 2018 and 2019, as extracted from the accounts prepared in accordance with Hong Kong Financial Reporting Standards in the Company's annual reports for the years ended 31 December 2018 and 2019, respectively, and the unaudited consolidated financial information of the Group for the six months ended 30 June 2019 and 2020 as extracted from the published interim report of the Company for the six months ended 30 June 2020:

	For the year ended 31 December			For the six months ended 30 June	
	2017	2018	2019	2019	2020
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
Revenue	1,836,057	1,865,383	2,359,666	1,081,772	364,086
Cost of sales and services	(1,341,174)	(1,346,618)	(1,785,833)	(835,427)	(591,808)
	494,883	518,765	573,833	246,345	(227,722)
Other income, gains and losses, net	(65,442)	133,011	95,283	31,414	16,359
Gain on disposal of a subsidiary	–	3,430,078	–	–	–
Share of results of an associate	–	–	(4,072)	(877)	(8,682)
Reversal of/(Impairment losses on) financial assets, net	–	(108,573)	892	(444)	1,254
Impairment loss on goodwill	–	(681,986)	–	–	–
Impairment losses on other intangible assets	–	(97,377)	–	–	–
Marketing and promotional expenses	(183,791)	(194,000)	(260,269)	(121,060)	(45,553)
Operating, administrative and other expenses	(576,138)	(439,393)	(451,171)	(200,632)	(185,216)
Finance costs	(103,751)	(109,344)	(93,875)	(46,184)	(43,998)
Profit/(loss) before tax	(434,239)	2,451,181	(139,379)	(91,438)	(493,558)
Income tax expenses	(73,102)	(485,075)	(50,873)	(16,059)	(56,629)
Profit/(loss) for the year/period	(507,341)	1,966,106	(190,252)	(107,497)	(550,187)
Other comprehensive income/(loss)	51,222	(9,063)	17,799	16,201	(19,282)
Total comprehensive income/(loss) for the year/period	(456,119)	1,957,043	(172,453)	(91,296)	(569,469)
Basic earnings/(loss) per share (HK cents)	(8.1)	31.4	(3.0)	(1.7)	(8.9)

The Group did not record any non-controlling interest for each of the three years ended 31 December 2017, 2018 and 2019, and the six months ended 30 June 2020.

The reporting accountant and auditor of the Company, Deloitte Touche Tohmatsu, Certified Public Accountants in Hong Kong, did not issue any qualified or modified opinion (including emphasis of matter, adverse opinion, disclaimer of opinion or material uncertainty related to going concern) on the consolidated financial statements of the Group for the three years ended 31 December 2017, 31 December 2018 and 31 December 2019, respectively.

Save as disclosed in above, there were no items of any income or expense which was material in respect of the consolidated financial results of the Group for each of the financial years ended 31 December 2017, 2018 and 2019.

II. CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to set out or refer in this Composite Document the consolidated statements of financial position, the consolidated statement of cash flows, and any other primary statements as shown in (i) unaudited consolidated financial statements of the Group for the six months ended 30 June 2020 (the “**2020 Interim Financial Statements**”) and (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2019 (the “**2019 Financial Statements**”), including significant accounting policies together with the accompanying notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2020 Interim Financial Statements are set out from page 27 to page 31 in the interim report of the Company for the six months ended 30 June 2020 (the “**2020 Interim Report**”) which was published on 23 September 2020. The 2020 Interim Report was posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.macaulegend.com), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0923/2020092300865.pdf>

The 2019 Financial Statements are set out from page 108 to page 113 in the annual report of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”) which was published on 23 April 2020. The 2019 Annual Report was posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.macaulegend.com), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0423/2020042301397.pdf>

The 2019 Financial Statements and 2020 Interim Financial Statements (but not any other parts of the 2019 Annual Report and 2020 Interim Report, in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

III. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 August 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had the following indebtedness:

(i) Bank and other borrowings

As at 31 August 2020, the Group had (i) secured and guaranteed bank borrowings of approximately HK\$1,823.1 million, and (ii) unsecured and unguaranteed, interest-free other borrowings of approximately HK\$137.6 million.

The bank borrowings were secured and guaranteed, inter alia, by the followings:

- (a) the mortgage over certain investment properties, buildings and right-of-use assets of the Group;
- (b) all the assets of two subsidiaries of the Company, Macau Fisherman's Wharf International Investment Limited ("**MFW Investment**") and Hong Hock Development Company Limited ("**Hong Hock**");
- (c) all the designated bank balances held by two subsidiaries of the Company, MFW Investment and Hong Hock;
- (d) corporate guarantee by Hong Hock and the Company to guarantee punctual payment and performance;
- (e) all rights and interests in leases, tenancy agreements, proceeds from hotel operation and management, rental income and other proceeds of the pledged properties;
- (f) all receivables arising from leases, rental income, disposal, hotel operations and other proceeds of the pledged properties;
- (g) personal guarantee by Mr. David Chow, executive director of the Company, Ms. Chan Mei Yi, Melinda, executive director of the Company, and Mr. Li Chi Keung, a substantial shareholder of the Company; and
- (h) shares of MFW Investment and Hong Hock.

(ii) Lease liabilities

As at 31 August 2020, the Group had lease liabilities of approximately HK\$113.7 million relating to property and equipment leased by the Group as lessee.

(iii) Contingent liabilities

Pursuant to the service agreement dated 25 September 2006 and its related amendments entered into between Sociedade de Jogos de Macau, S.A. (“SJM”) and Hong Hock, under which the Group provides gaming services to SJM in relation to the casinos of the Group, 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 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. At the closure of business on 31 August 2020, there were no such claims from SJM.

For the purpose of the indebtedness statement, foreign currency amounts have been converted into HK\$ at the approximate rates of exchange prevailing as at 31 August 2020.

Save as disclosed above and apart from the intra-group liabilities and normal trade payables as at 31 August 2020, the Group did not have any other outstanding indebtedness, loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase or finance lease commitments, guarantees or contingent liabilities.

IV. MATERIAL CHANGE

The Directors have confirmed that, save for the following matters, there has been no material change in the financial or trading position or outlook of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date:

- (a) As disclosed in the 2020 Interim Report for the six months ended 30 June 2020 (the “**Current Period**”), the Group recorded an unaudited loss attributable to the Shareholders of approximately HK\$550.2 million for the six months ended 30 June 2020, as compared with that of approximately HK\$107.5 million for the six months ended 30 June 2019 (the “**Previous Period**”), which was mainly attributable to, among others, the factors as set out below:
 - (i) a decrease in revenue, from both gaming and non-gaming related operations, of approximately HK\$717.7 million from approximately HK\$1,081.8 million for the Previous Period to approximately HK\$364.1 million for the Current Period, which was mainly due to contraction of business activities as a result of the outbreak of COVID-19 pandemic;

- (ii) a recognition of “gross loss” (i.e. revenue less cost of sales and services) of approximately HK\$227.7 million for the Current Period as compared to a “gross profit” of approximately HK\$246.3 million for the Previous Period, which was mainly due to the lesser extent of the decline in cost of sales and services as compared to that of the revenue since a majority of the cost of sales and services are staff cost and depreciation and amortisation expenses, which are fixed or semi-fixed in nature; and
 - (iii) a decrease in marketing and promotional expenses from approximately HK\$121.1 million for the Previous Period to approximately HK\$45.6 million for the Current Period due to contraction of business activities as a result of the outbreak of COVID-19 pandemic;
- (b) as disclosed in the 2020 Interim Report, a decrease in trade and other receivables, deposits and prepayments from approximately HK\$411.8 million as at 31 December 2019 to approximately HK\$235.3 million as at 30 June 2020, mainly due to contraction of business activities as a result of the outbreak of COVID-19 pandemic;
 - (c) as disclosed in the 2020 Interim Report, a decrease in trade and other payables from approximately HK\$1,067.2 million as at 31 December 2019 to approximately HK\$298.5 million as at 30 June 2020, mainly due to the refund of a deposit received from the potential investor of HK\$500.0 million (such deposit was paid by the potential investor at the material time, being an independent third party, in late 2019 for its potential acquisition of Macau Fisherman’s Wharf. The deposit was refunded by the Company as the negotiation in relation to the sale and purchase of Macau Fisherman’s Wharf was terminated) and contraction of business activities as a result of the outbreak of COVID-19 pandemic during the Current Period;
 - (d) as disclosed in the 2020 Interim Report, a decrease in bank balances and cash from approximately HK\$1,564.2 million as at 31 December 2019 to approximately HK\$517.4 million as at 30 June 2020, mainly triggered by (i) refund of a deposit received from the potential investor of HK\$500.0 million as mentioned in (c) above; (ii) cash used in operating activities of approximately HK\$264.1 million due to contraction of business activities as a result of the outbreak of COVID-19 pandemic; and (iii) the purchase of property and equipment of approximately HK\$186.5 million, for the Current Period;
 - (e) as disclosed in the 2020 Interim Report, a change from net current assets of approximately HK\$83.5 million as at 31 December 2019 to net current liabilities of approximately HK\$428.4 million as well as the increase in the net gearing ratio from approximately 5.3% as at 31 December 2019 to approximately 21.0% as at 30 June 2020, mainly due to the decrease in bank balances and cash as mentioned above; and

- (f) the outbreak of the COVID-19 pandemic has resulted in an unfavourable impact on the business and operating environment of the Group. Given the dynamic nature of these circumstances and unpredictability of future development, including government policies and measures in response to the COVID-19 pandemic, the management of the Group is still unable to estimate the potential financial impact on the Group and the actual effect, if any, to be reflected in the Group's consolidated financial statements for the year ending 31 December 2020.

V. PROPERTY INTERESTS AND ADJUSTED NAV OF THE GROUP

The valuation of the Group's property interests as at 31 August 2020 was conducted by Knight Frank, the independent property valuer appointed by the Company. The total market value of the property interests in existing state attributable to the Shareholders as at 31 August 2020 was approximately HK\$8,591.0 million. Further details of the aforementioned property interests and their corresponding valuation report prepared by Knight Frank are set out in Appendix III to this Composite Document.

Some of the property interests of the Group were stated at cost basis in accordance with Hong Kong Financial Reporting Standards. Set out below is the adjusted net asset value ("NAV") of the Group, based on the unaudited consolidated financial statements of the Group as at 30 June 2020 and the adjustment for the revaluation surplus arising from valuation of property interests held by the Group:

Unaudited NAV of the Group as at 30 June 2020	HK\$6,873,898,000
Revaluation surplus arising from the valuation of property interests held by the Group as at 31 August 2020 (<i>Note 1</i>)	HK\$2,603,000,000
Adjusted NAV of the Group	HK\$9,476,898,000
Adjusted NAV of the Group per Share (<i>Note 2</i>)	HK\$1.53

Notes:

1. It represents the revaluation surplus arising from the excess of the market value of the property interests held by the Group in existing state of approximately HK\$2,603,000,000 as at 31 August 2020, as appraised by Knight Frank, over their corresponding book values as at 30 June 2020. No potential tax effect on the revaluation surplus has been taken into account as the Group has no plan for the disposal of the property interests.
2. Based on 6,201,187,120 Shares in issue as at the Latest Practicable Date.

The following is the full text of the letter, Summary of Values and the Valuation Report, prepared for the purpose of incorporation in this Composite Document received from Knight Frank Petty Limited, an independent valuer, in connection with its valuation of the properties of the Group as at 31 August 2020.



Knight Frank Petty Limited
4th Floor, Shui On Centre
6-8 Harbour Road
Wan Chai
Hong Kong

T +852 2840 1177
F +852 2840 0600
www.knightfrank.com.hk

Board of Directors
Macau Legend Development Limited
Shop 102, 1/F, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

3 November 2020

Dear Sirs

VALUATION IN RESPECT OF VARIOUS PROPERTY INTERESTS IN MACAU SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE’S REPUBLIC OF CHINA (“MACAU”), THE LAO PEOPLE’S DEMOCRATIC REPUBLIC (“LAO PDR”) AND THE REPUBLIC OF CABO VERDE (“CAPE VERDE”) (HEREINAFTER REFERRED TO AS “PROPERTY INTERESTS”)

In accordance with the instructions for us to value the Property Interests in Macau Special Administrative Region of the People’s Republic of China (“**Macau**”), the Lao People’s Democratic Republic (“**Lao PDR**”) and the Republic of Cabo Verde (“**Cape Verde**”) held by Macau Legend Development Limited (hereinafter referred to as the “**Company**”) and its subsidiaries or its associated companies (hereinafter together the Company referred to as the “**Group**”), we confirm that we have made relevant enquiries and carried out searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the Property Interests as at 31 August 2020 (the “**Valuation Date**”).

BASIS OF VALUATION

In arriving at our opinion of market value, we followed “The HKIS Valuation Standards 2017” issued by The Hong Kong Institute of Surveyors (“**HKIS**”) and “The RICS Valuation – Global Standards 2020” issued by The Royal Institution of Chartered Surveyors (“**RICS**”). Under the said standards, market value is defined as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Market value is understood as the value of an asset or liability estimated without regard to the seller’s costs of sale or the buyer’s costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

VALUATION METHODOLOGY

In arriving at our opinion of value of Property Interests in Group I which is held by the Group for operation in Macau and the completed portion of Group II which is held by the Group for operation in Lao PDR, we have valued the properties on going concern basis, and we have adopted the income approach by making reference to its historical performance over the past years. During the course of the valuation, we have relied on the historical figure over past 3 years generated from the hotels, casinos or entertainment complex operation and made reference to the current required rate of return of similar forms of investment.

In arriving at our opinion of value of Property Interests in the under construction portion of Group II which is held by the Group under construction in Lao PDR and Group III which is held by the Group under construction in Cape Verde, we have valued the properties on the basis that the properties will be developed and completed in accordance with the Group’s latest development proposals provided to us. We have assumed that approvals for the proposals will be granted without onerous conditions. In arriving our opinion of value, we have adopted the Market Approach by making reference to comparable transactions in the locality and have also taken into account the construction costs that will be expended to complete the development to reflect the quality of the completed development.

POTENTIAL TAX LIABILITY

In valuing the Property Interests, we have complied with the requirements set out in Rule 11 of the Codes on Takeovers and Mergers (the “**Takeovers Codes**”) published by Securities and Futures Commission.

The Property Interest in Macau

The property-related potential tax liability which might arise on disposal of the property (as property transfer) in Macau are registration fee (maximum 0.3%) and stamp duty (maximum 3%). The likelihood of such tax liability being crystallized to the Group is remote and is excluded from our valuation. As advised by the Group, there is no plan for disposal of the Property Interest.

The Property Interest in Lao PDR

The property-related potential tax liability which might arise on disposal of the property (as property transfer) in Lao PDR is profit tax (20%). The likelihood of such tax liability being crystallized to the Group is remote and is excluded from our valuation. As advised by the Group, there is no plan for disposal of the Property Interest.

The Property Interest in Cape Verde

The property-related potential tax liability which might arise on disposal of the property (as property transfer) in Cape Verde is not applicable according to the Land Concession Agreement. As advised by the Group, there is no plan for disposal of the Property Interest.

TITLE DOCUMENTS AND ENCUMBRANCES

We have been provided with extracts of documents in relation to the titles to the Property Interests. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We have relied on the information provided by the Group and its legal advisors, ZICO Law (Laos) Sole Co., Limited and Edge International Lawyers, regarding the title of the properties and other legal matters relating to the properties.

No allowance has been made in our report for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in affecting a sale.

SOURCE OF INFORMATION

We have relied to a very considerable extent on information given by the Group and the legal opinion of the Group's legal advisors. We have no reason to doubt the truth and the accuracy of the information provided by the Group which is material to the valuation. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, development schemes, incurred and budgeted construction costs, tenancy summaries, tenure, and site areas. Dimension, measurements and areas included in the valuation report are based on the information provided to us and are therefore only approximations. We have not been able to carry out detailed on-site measurements to verify the site areas of the properties and we have assumed that the areas shown on the documents handed to us are correct. We were also advised by the Group that no material facts have been omitted from the information provided.

INSPECTION AND STRUCTURAL CONDITION

We have inspected the Property Interests in September 2020. The inspection of the property in Macau was undertaken by our Ocean Ruan and the property in Cape Verde was undertaken by our Alexander William George Law. Nevertheless, we are not able to conduct the inspection for the property in Lao PDR according to the latest Travel Advisory by Ministry of Foreign Affairs of Lao PDR on COVID-19.

IDENTITY OF PROPERTY INTERESTS TO BE VALUED

We have exercised reasonable care and skill (but will not have an absolute obligation to you) to ensure that the Property Interests, identified by the property addresses in your instructions, are the Property Interests inspected by us and contained within our valuation report.

STRUCTURAL AND SERVICES CONDITION

We have not undertaken any structural surveys, test the services or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the Property Interests. Our valuations have therefore been undertaken on the basis that the Property Interests were in satisfactory repair and satisfactory condition and contains no deleterious materials and that services function satisfactorily.

GROUND CONDITION

We have assumed there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the site of the Property Interests are sufficient to support the buildings constructed or to be constructed thereon; and that the services are suitable for any existing development. Our valuations are therefore prepared on the basis that no extraordinary expenses or delays will be incurred in this respect.

ENVIRONMENTAL ISSUES

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the Property Interests are unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

COMPLIANCE WITH RELEVANT ORDINANCES AND REGULATIONS

We have assumed that the Property Interests were constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the Property Interests upon which this report are based, any and all required licences, permits, certificates, consents, approvals and authorisation have been obtained, except only where otherwise stated.

MARKET CONDITIONS EXPLANATORY NOTE: NOVEL CORONAVIRUS (COVID-19)

The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on the 11 March 2020, has and continues to impact many aspects of daily life and the global economy – with real estate markets having experienced lower levels of transactional activity and liquidity. Travel restrictions have been implemented by many countries and “lockdowns” applied to varying degrees. Whilst restrictions have now been lifted in some cases, local lockdowns may continue to be deployed as necessary and the emergence of significant further outbreaks is possible.

The pandemic and the measures taken to tackle COVID-19 continues to affect economies and real estate markets both locally and globally. Nevertheless, as at the Valuation Date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value.

MATERIAL VALUATION UNCERTAINTY

As at the Valuation Date we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base our judgements. Our valuation is therefore reported as being subject to ‘material valuation uncertainty’ as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

For the avoidance of doubt this explanatory note, including the ‘material valuation uncertainty’ declaration, does not mean that the valuation cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the Valuation Date.

LIMITATIONS ON LIABILITY

In accordance with our standard practice, we must state that this valuation is for the use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents. We do not accept liability to any third party or for any direct or indirect consequential losses or loss of profits as a result of this valuation.

In our valuation, Knight Frank has prepared the valuation based on information and data available to us as at the Valuation Date. While the market is influenced by various policies and regulations, increasing complexity in international trade tensions, the recent regional health issue of outbreak of COVID-19 is expected to bring additional fluctuations to the real estate market. It must be recognised that the regional health problem, change in policy direction, mortgage requirements and international trade tensions could have immediate and sweeping impact on the real estate market apart from typical market variations. It should therefore be noted that any market violation, policy, geographical or other unexpected circumstances after the Valuation Date may affect the values of the properties.

REMARKS

In preparing our valuation report, we have complied with the requirements contained within relevant provisions of Chapter 5, Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, Rule 11 of the Takeovers Code issued by Securities and Futures Commission and The RICS Valuation - Global Standards 2020 issued by Royal Institution of Chartered Surveyors.

CURRENCY

Unless otherwise stated, all money amounts stated in our valuations are in Hong Kong Dollars (“HK\$”). The exchange rate adopted in our valuations was HK\$1 = MOP1.0300 = EURO0.1079 = US\$0.1290 which was the approximate exchange rate prevailing as at the Valuation Date.

We enclose herewith our Summary of Values and Valuation Report.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited
Clement W M Leung
MFin MCIREA MHKIS MRICS RPS (GP)
RICS Registered Valuer
Executive Director
Head of China Valuation & Advisory

Remarks: Clement W M Leung is a qualified valuer who has 27 years of experiences in property valuation and consultancy services in Asia Pacific region, including the People’s Republic of China, Hong Kong, Macau, Vietnam, London, New York and San Francisco, and has been participating in various corporate valuation projects in the People’s Republic of China and Hong Kong.

SUMMARY OF VALUES

Group I – Property Interests held by the Group for operation in Macau

Property Interest	Market Value in existing state as at 31 August 2020 (HK\$)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at 31 August 2020 (HK\$)
1. Fisherman's Wharf, Nos. 1522 to 1529 Avenida Da Amizade, Nos. 2148 to 2682 Avenida Dr. Sun Yat-Sen, Macau	7,851,000,000	100	7,851,000,000
Sub-Total of Group I:	7,851,000,000		7,851,000,000

Group II – Property Interests held by the Group for operation and under construction in Lao PDR

Property Interest	Market Value in existing state as at 31 August 2020 (HK\$)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at 31 August 2020 (HK\$)
2. Savan Vegas Hotel and Entertainment Complex, Nongdeune Village, Kaisonephomvihan City, Savannakhet Province, Lao PDR	404,000,000	100	404,000,000
Sub-Total of Group II:	404,000,000		404,000,000

Group III – Property Interests held by the Group under construction in Cape Verde

Property Interest	Market Value in existing state as at 31 August 2020 (HK\$)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at 31 August 2020 (HK\$)
3. A proposed office, hotel and casino development located at Gamboa Beach and Ilhéu Santa Maria, Praia, Cape Verde	336,000,000	100	336,000,000
Sub-Total of Group III:	<u>336,000,000</u>		<u>336,000,000</u>
Grand Total:	8,591,000,000		8,591,000,000

VALUATION REPORT

Group I – Property Interests held by the Group for operation in Macau

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 August 2020
1. Fisherman's Wharf Nos. 1522 to 1529 Avenida Da Amizade, Nos. 2148 to 2682 Avenida Dr. Sun Yat-Sen, Macau	<p>The Fisherman's Wharf is a tourism and entertainment complex situated on the seafront to the south of the Macau Ferry Terminal and east of the Sands Macao.</p> <p>Fisherman's Wharf comprises of a luxury 5-star casino hotel (known as Legend Palace Hotel), a family-orientated 4-star hotel (known as Harbourview Hotel), a boutique style 3-star hotel (known as Rocks Hotel), conventions and exhibition halls, an outdoor commercial avenue, an entertainment zone, a casino and slot machine club (known as Babylon Casino) and a performance theatre (known as Roman Amphitheatre) with a total gross floor area of approximately 305,927 sq m which was completed in between 2005 and 2007.</p> <p>The approximate gross floor area of the property are summarized as follows: –</p>	<p>Portion of commercial portion of the property with a total gross floor area approximately 24,047.88 sq m is subject to various tenancies with the last tenancy due to expire in December 2028 yielding a monthly rental of approximately HK\$5,500,000, exclusive of rates, management fees, air-conditioning charges and other outgoings.</p> <p>Portion of commercial portion of the property is operating as hotels and casinos.</p> <p>The remaining commercial portion of the property is current vacant.</p>	<p>HK\$7,851,000,000</p> <p>(Hong Kong Dollars Seven Billion Eight Hundred and Fifty One Million)</p>

Property 1 (Cont'd)

Type	Approximate Gross Floor Area (sq m)
Commercial	49,284
Conference hall and supporting facilities	10,995
Entertainment and supporting facilities	1,320
Hotel	123,539
Administrative zone	1,419
Warehouse	3,028
Car parking	29,471
Vacant area	86,871
Total	<u>305,927</u>

The property is held under Government Lease for a lease term of 25 years commencing on 14 January 2004 and is renewable for further terms until 19 December 2049. The current annual land rent is MOP3,088,363 (HK\$2,998,410).

Notes:

1. The property is registered at the Macau Land Registry under property No.23121 and the registered owner of the property is Macau Fisherman's Wharf – Companhia de Investimento Internacional, S.A. (澳門漁人碼頭國際投資股份有限公司), an indirect wholly-owned subsidiary of the Company.
2. The property was subject to the following encumbrances:
 - (i) The property is subject to mortgage in favour of Banco Industrial e Comercial da China (Macau), S.A. (中國工商銀行(澳門)股份有限公司) vide date and presentation number 168289 C dated 9 April 2014;
 - (ii) the property is subject to Promise of Encumbrance in favour of Banco Industrial e Comercial da China (Macau), S.A. (中國工商銀行(澳門)股份有限公司) vide date and presentation number 169004 C dated 9 April 2014; and
 - (iii) the property is subject to Assignment of Rentals and Receivables in favour of Banco Industrial e Comercial da China (Macau), S.A. (中國工商銀行(澳門)股份有限公司) vide date and presentation number 34371F and 34404F both dated 9 April 2014.

Group II – Property Interests held by the Group for operation and under construction in Lao PDR

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 August 2020
2. Savan Vegas Hotel and Entertainment Complex, Nongdeune Village, Kaisonephomvihan City, Savannakhet Province, Lao PDR	<p>Savan Vegas Hotel and Entertainment Complex is a casino and hotel development comprises of two phases erected on a parcel of land with a site area of approximately 50 hectares.</p> <p>Phase 1 of the property comprises a 2-storey main casino and hotel building, a 3-storey hotel building, a 1-storey casino building together with supporting facilities and staff dormitories with a total gross floor area of approximately 49,116 sq m completed in between 2008 and 2012. The approximate gross floor area of Phase 1 is summarized as follows: –</p>	<p>Phase 1 of the property is operating as a casino and hotel.</p> <p>Phase 2 of the property, namely “The Suites”, is currently under construction and is expected to be completed in December 2020.</p>	<p>HK\$404,000,000</p> <p>(Hong Kong Dollars Four Hundred and Four Million)</p> <p><i>(please see notes 5 and 7)</i></p>
	<p>Type</p>	<p>Approximate Gross Floor Area (sq m)</p>	
	Main casino and hotel building	19,141	
	Hotel Building	9,515	
	Casino Building	1,130	
	Supporting facilities and staff dormitories	19,330	
	Total	49,116	

Property 2 (Cont'd)

Phase 2 of the property, namely “The Suites”, is currently under construction that will comprise a 40 suite boutique hotel with a VIP casino, food & beverage facilities, an entertainment zone with golf driving range, a machine plant building and car parking lots upon completion.

Phase 2 of the property will comprise a total gross floor area of approximately 11,323 sq m upon completion with details listed as follows: –

Type	Approximate Gross Floor Area (sq m)
Hotel and VIP casino	8,882
Entertainment zone	2,021
Machine plant	420
Total	<u>11,323</u>

“The Suites” also comprises an entertainment zone with golf driving range with a site area of approximately of 30,320 sq m and a car parking area with a site area of approximately of 7,190 sq m.

The land use right of the property has been granted for a term of 50 years and extendable upon approval of the government.

Property 2 (Cont'd)

Notes:

1. Pursuant to the State Ownership Certificate No. 1582/DNRE.SV dated 24 June 2016 issued by the Department of Natural Resources and Environment, the title of a parcel of land with a site area of 50 hectares is held by State Asset Management Office of the Savannakhet Provincial Finance Department of Lao Government (“**GOL**”).
2. Pursuant to the Project Development Agreement dated 19 August 2016 entered into between Savan Legend Resorts Sole Company Limited, a wholly-owned subsidiary of the Company, and the Government of Lao PDR, the project is currently owned and operated by Savan Vegas Lao Limited, a company organized under the laws of the Lao PDR that is wholly owned by the Ministry of Finance of the Lao PDR.
3. Pursuant to the Land Lease Contract dated 31 August 2016 made between Savan Legend Resorts Sole Company Limited and The Department of Finance of Savannakhet Province, such agreement and the lease granted hereunder shall be effective for 50 years from 31 August 2016 and shall be coterminous with the Project Development Agreement dated 19 August 2016.
4. Pursuant to the Building Permit No. 1578/PWT/SVK issued by Ministry of Public Works & Transport of Lao PDR dated 26 September 2019, the construction works of phase 2 of the property with a gross floor area of 12,000 sq m are permitted.
5. As advised by the Group, the construction cost incurred and the projected outstanding construction cost of Phase 2 of the property as at the Valuation Date were approximately US\$10,000,000 (HK\$77,502,000) and US\$5,700,000 (HK\$44,176,140) respectively. Accordingly, we have taken into account the aforesaid costs in our valuation. In our opinion, the gross development value of the proposed developments of Phase 2 of the property, assuming they were completed as at the Valuation Date, was estimated approximately as HK\$124,000,000.
6. We have been provided with the Group’s Lao PDR legal adviser’s opinion dated 30 October 2020, which inter-alia, contains the following:
 - (i) Savan Legend Resorts Sole Company Limited has general ownership right for the property and the exclusive right to use of the property and the land for a maximum period of 50 years, which is extendable upon approval of the government;
 - (ii) Savan Legend Resorts Sole Company Limited has albeit right to sell, use and pledge assets on the land. Additional rights can be granted by the government, provided that it does not contradict with constitution of Lao PDR and other laws;
 - (iii) the property is not freely transferable as it is proprietary to private sector to the extent that the lease and concession is continued and effective. Subsequent transfer of the property is subject to the conditions in regard to the requirement of approval by the government. Savan Legend Resorts Sole Company Limited may require to inclusion of restriction on transfer on the sale or transfer contract with a third party; and
 - (iv) the property is free from mortgage and other material encumbrances.
7. In the course of our valuation, we have assumed that the Group have obtained the approval from the government to sell, assign or transfer the concessionary rights of the property.

Group III – Property Interests held by the Group under construction in Cape Verde

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 August 2020								
3. A proposed office, hotel and casino development located at Gamboa Beach and Ilhéu Santa Maria, Praia, Cape Verde	<p>The property comprises hotel, casino building and office portion together with a bridge located on Santa Maria Islet, erected on a parcel of land with a site area of approximately 33,500 sq m.</p> <p>The property will comprises a total gross floor area of approximately 34,518 sq m upon completion with details listed as follows: –</p> <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Type</th> <th style="text-align: right;">Approximate Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Office complex</td> <td style="text-align: right;">13,243</td> </tr> <tr> <td>Hotel and casino building</td> <td style="text-align: right;">21,275</td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>34,518</u></td> </tr> </tbody> </table>	Type	Approximate Gross Floor Area (sq m)	Office complex	13,243	Hotel and casino building	21,275	Total	<u>34,518</u>	<p>The property is currently under construction and is expected to be completed in September 2021.</p>	<p>HK\$336,000,000 (Hong Kong Dollars Three Hundred and Thirty Six Million)</p> <p><i>(please see notes 6 and 8)</i></p>
Type	Approximate Gross Floor Area (sq m)										
Office complex	13,243										
Hotel and casino building	21,275										
Total	<u>34,518</u>										
	<p>The hotel portion will accommodate 203 rooms, conference & meeting rooms, restaurants, and a casino upon completion.</p> <p>The property is held under Concession Agreement of Land and Sea for a lease term of 75 years commencing on 22 July 2015 and is renewable for further terms.</p>										

Property 3 (Cont'd)

Notes:

1. Pursuant to the Establishment Convention dated 20 July 2015 entered into between the Government of Cape Verde and MLD Cabo Verde Resorts, S.A., a wholly-owned subsidiary of the Company, a parcel of land together with the future landfills shall develop into a touristic development project.
2. Pursuant to the Land Concession Agreement on Maritime Public Domain and Santa Maria Islet dated 22 July 2015 entered into between MLD Cabo Verde Resorts, S.A. and the Government of Cape Verde, the Government of Cape Verde granted concession for private use of the property in an exclusivity basis with the purpose of construction and management of a touristic complex for a period of 75 years from 22 July 2015, with the possibility of extension for successive periods of 30 years.
3. Pursuant to the Constitution of the Surface Right Agreement dated 22 July 2015 entered into between the Municipality of Praia, Municipal Council and MLD Cabo Verde Resorts, S.A., the exclusive surface right of a parcel of land with a site area of 33,500 sq m is established for a period of 75 years for Resort Hotel Casino Complex purpose.
4. Pursuant to the Concession Agreement of License for Operating Games of Fortune and Chance in the Santiago Zone, the license for operating games of fortune has been granted to MLD Cabo Verde Entretenimento, S.A., a wholly-owned subsidiary of the Company, for a period of 25 years from the beginning of activity on an exclusive regime for the first 15 year.
5. Pursuant to three Building Permits Nos. 117022 / 03-04-2019, 117986 / 04-12-2019 and 117987 / 04-12-2019 issued by Camara Municipal da Praia of Cape Verde dated between 26 March 2019 and 2 December 2019, the construction works of the property are permitted.
6. As advised by the Group, the construction cost incurred and the projected outstanding construction cost of the property as at the Valuation Date were approximately EURO30,700,000 (HK\$284,522,700) and EURO63,100,000 (HK\$584,800,700) respectively. Accordingly, we have taken into account the aforesaid costs in our valuation. In our opinion, the gross development value of the proposed development of the property, assuming they were completed as at the Valuation Date, was estimated approximately as HK\$924,000,000.

Property 3 (Cont'd)

7. We have been provided with the Group's Cape Verde legal adviser's opinion dated 30 October 2020, which inter-alia, contains the following:
 - (i) MLD Cabo Verde Resorts, S.A. has the surface right (right of use) of the land of the property, which holds the right to exclusively use of land, including to build, to maintain and to explore the construction on the land of the property;
 - (ii) the land of the property is not freely transferable in the market, as the ownership right (freehold) of the land of the property is belong to the Government of Cape Verde;
 - (iii) the hotel, casino, villa and all other constructions and edifications built on the land of the property is legally owned by MLD Cabo Verde Resorts, S.A.;
 - (iv) MLD Cabo Verde Resorts, S.A. may be authorized by the Government of Cape Verde to transfer the ownership right on the constructions destined to complementary services of commercial and accommodation nature; and
 - (v) the property is free from mortgage and other material encumbrances.
8. In the course of our valuation, we have assumed that the Group have obtained the approval from the government to sell, assign or transfer the concessionary rights of the property.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror or any of its associates or parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements contained in this Composite Document misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

<i>Authorised</i>	<i>HK\$</i>
<u>10,000,000,000 Shares</u>	<u>1,000,000,000</u>
<i>Issued and fully paid</i>	
<u>6,201,187,120 Shares</u>	<u>620,118,712</u>

All of the existing issued Shares rank pari passu in all respects with each other, including, in particular, as to rights in respect of dividends, voting and capital. No Shares are listed, or dealt in, on any other stock exchange, nor is any listing of or permission to deal in the Shares being, or proposed to be sought, on any other stock exchange.

As at the Latest Practicable Date, the Company had no outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or securities of the Company.

The Company has not issued any Shares since 31 December 2019, the date to which the latest audited financial statements of the Company were made up.

3. INTERESTS IN AND DEALINGS IN SECURITIES OF THE OFFEROR

As at the Latest Practicable Date, none of the Company nor any of its Directors had any interest in the shares of the Offeror or any convertible securities, warrants, options or derivatives issued by the Offeror, and no such person had dealt for value in the shares of the Offeror or any convertible securities, warrants, options or derivatives issued by the Offeror during the Relevant Period.

4. DISCLOSURE OF INTERESTS BY DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

(a) **Directors and the chief executive's interests in the shares, underlying shares and debentures of the Company and its associated corporations**

As at the Latest Practicable Date, the interests of Directors and chief executives of the Company in the Shares and underlying Shares, as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules were as follows:

Name of Directors	Capacity	Number of Shares	Approximate percentage of the Company's total issued share capital as at the Latest Practicable Date
Mr. David Chow	Beneficial owner	483,781,402	7.80%
	Interest of spouse	129,690,066 ^(Note1)	2.09%
		613,471,468	9.89%
Ms. Chan Mei Yi, Melinda	Beneficial owner	129,690,066	2.09%
	Interest of spouse	483,781,402 ^(Note2)	7.80%
		613,471,468	9.89%
Mr. Sheldon Trainor-DeGirolamo	Beneficial owner	2,518,504	0.04%
	Controlled corporation	42,813,000 ^(Note3)	0.69%
		45,331,504	0.73%
Mr. Chow Wan Hok, Donald	Beneficial owner	600,000	0.01%
Mr. Tong Ka Wing, Carl	Beneficial owner	6,591,579	0.11%

Notes:

1. Mr. David Chow was deemed to be interested in these Shares through the interest of his spouse, Ms. Chan Mei Yi, Melinda.
2. Ms. Chan Mei Yi, Melinda was deemed to be interested in these Shares through the interest of her spouse, Mr. David Chow.
3. These Shares were held by PacBridge Capital, a controlled corporation of Mr. Sheldon Trainor-DeGirolamo.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules; or (iv) which were required to be disclosed under the Takeovers Code.

(b) Substantial Shareholders' interests in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, so far as the Directors are aware, the following parties (other than the Directors and chief executives of the Company) has interests in the Shares and underlying Shares as recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Name of substantial Shareholders	Capacity	Number of Shares	Approximate percentage of the Company's total issued share capital as at the Latest Practicable Date
Elite Success	Beneficial owner	1,012,599,750	16.33%
Mr. Li	Beneficial owner	110,047,429	1.77%
	Controlled corporation	1,012,599,750 ^(Note1)	16.33%
		1,122,647,179	18.10%
Ms. Wong Hoi Ping	Controlled corporation	1,012,599,750 ^(Note1)	16.33%
	Interest of spouse	110,047,429 ^(Note2)	1.77%
		1,122,647,179	18.10%
Ms. Chan	Beneficial owner	75,664,000	1.22%
	Controlled corporation	937,104,609 ^(Note3)	15.11%
		1,012,768,609	16.33%
Earth Group Ventures Ltd.	Beneficial owner	934,269,609 ^(Note4)	15.07%
The Offeror	Beneficial owner	1,280,237,424	20.65%
Mr. Chan	Beneficial owner	6,661,000	0.11%
	Controlled corporation	1,280,237,424 ^(Note5)	20.65%
		1,286,898,424	20.75%
Ms. Wu Jo Hsuan	Interest of spouse	1,286,898,424 ^(Note6)	20.75%

Notes:

1. *These Shares were held by Elite Success (a company in which Mr. Li and Ms. Wong Hoi Ping, spouse of Mr. Li, held 51% and 39% of the total issued capital, respectively).*
2. *Ms. Wong Hoi Ping was deemed to be interested in these Shares through the interest of her spouse, Mr. Li.*
3. *These Shares were held by Earth Group Ventures Ltd. and UNIR (HK) Management Limited, controlled corporations of Ms. Chan.*
4. *These Shares were held by Earth Group Ventures Ltd., a controlled corporation of Ms. Chan.*
5. *These Shares were held by the Offeror, which is a corporation wholly-owned by Mr. Chan.*
6. *Ms. Wu Jo Hsuan was deemed to be interested in these Shares through the interest of her spouse, Mr. Chan.*

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than a Director and chief executive of the Company) who had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares of the Company which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

5. SHAREHOLDING AND DEALING IN SECURITIES OF THE COMPANY

The Company confirms that,

- (i) no subsidiary of the Company, no pension fund of the Company or of a subsidiary of the Company and no person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding any exempt principal traders and exempt fund managers) had dealt for value in any Shares or any convertible securities, warrant, options or derivatives in respect of any Shares during the Relevant Period;

- (ii) no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company, or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares during the Relevant Period;
- (iii) no Shares or any convertible securities, warrants, options or derivatives issued by the Company was managed on a discretionary basis by fund managers (other than exempt fund managers) (if any) connected with the Company, and no such person had dealt for value in the Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;
- (iv) save for (i) the DC Irrevocable Undertaking, the MC Irrevocable Undertaking and the ST Irrevocable Undertakings; (ii) Mr. Chow Wan Hok, Donald has no intention to accept the Offer in respect of his own beneficial shareholdings; and (iii) Mr. Tong Ka Wing, Carl intends to accept the Offer in respect of his own beneficial shareholdings, there are no other Director who owned or controlled any Shares or convertible securities, warrants, options or derivatives issued by the Company;
- (v) none of the Company nor any of its Directors has borrowed or lent any Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period; and
- (vi) the following director had certain dealings of Shares as follow. Save as disclosed in this sub-paragraph and sale and purchase of the Sale Shares, no Director had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period:

Name of Director	Date	Purchase/sale	No. of Shares involved	Price (HK\$)
Mr. Tong Ka Wing, Carl	27 May 2020	Sale	300,000	1.05
	3 June 2020	Sale	47,000	1.04
	9 June 2020	Sale	300,000	1.05
	10 June 2020	Sale	4,000	1.03
	15 June 2020	Sale	100,000	1.04
	16 June 2020	Sale	200,000	1.06
	2 July 2020	Sale	200,000	1.06
	3 July 2020	Sale	100,000	1.12
	7 July 2020	Sale	178,000	1.04
	23 July 2020	Sale	100,000	1.00

6. LITIGATION

Neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was pending or threatened against either the Company or any of its subsidiaries as at the Latest Practicable Date.

7. MARKET PRICES

The table below shows the closing prices of the Shares as quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price <i>HK\$</i>
31 March 2020	0.880
29 April 2020	0.940
29 May 2020	0.990
30 June 2020	1.050
31 July 2020	1.000
31 August 2020	0.940
11 September 2020 (being the Last Trading Day)	0.960
30 September 2020	1.050
30 October 2020 (being the Latest Practicable Date)	1.050

During the Relevant Period, the highest and lowest daily closing prices of the Shares as quoted on the Stock Exchange were HK\$1.13 per Share on 2 July 2020 and HK\$0.86 per Share on 1 April 2020, respectively.

8. MATERIAL CONTRACTS

Save as disclosed below, there were no contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) which have been entered into by any member of the Group after the date two years before the commencement of the Offer Period and up to the Latest Practicable Date, which are or may be material:

- (i) the sale and purchase deed dated 28 December 2018 (as amended and supplemented on 26 December 2019 and 26 June 2020) and entered into between Mr. Wang Jiemin alias Wang Kitman as seller and the Company as buyer in relation to the sale and purchase of entire issued share capital of Howing Enterprises Co. Ltd., a private limited liability company incorporated in the Kingdom of Cambodia at the consideration of US\$90,010,000; and
- (ii) the sale and purchase agreement dated 27 February 2019 and entered into between Macau Legend Investment Holdings Limited, a limited liability company incorporated in British Virgin Islands and a wholly-owned subsidiary of the Company, as the buyer, and Lai Va Investment Company Limited (勵華投資有限公司) and Raising Investment Company Limited (勵升投資有限公司), as the sellers, in relation to the sale and purchase of an aggregate of 21.5% of the issued share capital in Lai Ieng Investment Company Limited (勵盈投資有限公司) and the shareholders' loans granted by the sellers to Lai Ieng Investment Company Limited at a total consideration of HK\$84,495,000.

9. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date,

- (a) no benefit (other than statutory compensation) had been and would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (b) save for the proposed change to the Board composition as set out in the paragraph headed "Proposed change to the board composition of the Company" in the "Letter from Lego Securities", there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (c) save and except for the Share Purchase Agreement, no material contract had been entered into by the Offeror in which any Director has a material personal interest.

10. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, save for the below, none of the Directors had any service contracts (including both continuous and fixed term contracts) with the Company or any of its subsidiaries or associated companies in force which: (a) had been entered into or amended within 6 months before the commencement of the Offer Period; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period:

- (i) Ms. Chan Mei Yi, Melinda has entered into a service contract with the Company on 26 March 2020 in relation to her appointment as executive Director for a term of 2 years, with no remuneration receivable thereunder, which is determinable by 3 months' notice;
- (ii) Mr. David Chow has entered into a service contract with the Company on 5 June 2019 as executive Director for a term of 3 years, with a director remuneration of HK\$8,000,000 per annum thereunder and a performance bonus of 1% of the Company's EBITDA on an yearly basis as performance fee, which is determinable by 3 months' notice;
- (iii) Mr. Chow Wan Hok, Donald has entered into a service contract with the Company on 1 September 2019 as executive Director for a term of 3 years, with a director remuneration of HK\$380,000 per annum thereunder, which is determinable by 3 months' notice;
- (iv) Mr. Sheldon Trainor-DeGirolamo has entered into a service contract with the Company on 5 June 2019 as executive Director for a term of 3 years, with a director remuneration of HK\$2,000,000 per annum thereunder, which is determinable by 3 months' notice; and
- (v) Ms. Ho Chiulin, Laurinda has entered into a service contract with the Company on 1 September 2019 as non-executive Director for a term of 3 years, with a director remuneration of HK\$380,000 per annum thereunder, which is determinable by 3 months' notice.

11. CONSENT AND QUALIFICATIONS

The followings are the names and qualifications of the professional advisers whose letters, opinions or advice are contained or referred to in this Composite Document:

Name	Qualification
Somerley	A corporation licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Altus Capital	a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Knight Frank	an independent property valuer

Each of Somerley, Altus Capital and Knight Frank has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its advice, letter and recommendation and the references to its name and logo in the form and context in which they respectively appear.

12. GENERAL

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is situated at Shop 102, 1/F Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.
- (b) As at the Latest Practicable Date, the Board comprised Mr. Chow Kam Fai, David, Ms. Chan Mei Yi, Melinda, Mr. Sheldon Trainor-DeGirolamo and Mr. Chow Wan Hok, Donald as the executive Directors, Mr. Tong Ka Wing, Carl and Ms. Ho Chiulin, Laurinda as the non-executive Directors; and Mr. Fong Chung, Mark, Mr. Xie Min and Mdm Tam Wai Chu, Maria as the independent non-executive Directors.
- (c) The company secretary of the Company is Mr. Wong Man Cheung.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (e) The registered office of Somerley is at 20/F, China Building, 29 Queen's Road Central, Hong Kong.

- (f) The registered office of Altus Capital, the Independent Financial Adviser, is at 21 Wing Wo Street, Central, Hong Kong.
- (g) The English texts of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts in case of inconsistency.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) on the website of the Securities and Futures Commission (www.sfc.hk); (ii) on the Company's website (www.macaulegend.com); and (iii) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays, and public holidays) at the principal place of business of the Company in Hong Kong at Shop 102, 1/F, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong during the period from the date of this Composite Document onwards for as long as the Offer remains open for acceptance:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 31 December 2018 and 2019;
- (c) the interim report of the Company for the six months ended 30 June 2020;
- (d) the letter from the Board, the text of which is set out on pages 21 to 28 of this Composite Document;
- (e) the letter from the Independent Board Committee, the text of which is set out on pages 29 to 30 of this Composite Document;
- (f) the letter from Altus Capital, the text of which is set out on pages 31 to 49 of this Composite Document;
- (g) the full property valuation report dated 3 November 2020 on the properties held by the Group prepared by Knight Frank, the text of which is set out in Appendix III to this Composite Document;
- (h) the material contracts referred to under the section headed "8. Material Contracts" in this appendix;
- (i) the service contracts referred to under the section headed "10. Directors' Service Contracts" in this appendix; and
- (j) the consent letters of the experts referred to under the section headed "11. Consent and Qualifications" in this appendix.

1. RESPONSIBILITY STATEMENT

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Group, the Vendors or any of their associates or parties acting in concert with them) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

2. DISCLOSURE OF INTERESTS AND DEALINGS

The Offeror confirms that save as disclosed herein, as at the Latest Practicable Date:

- (i) save for 4,182,221,684 Shares (representing approximately 67.44% of the existing issued share capital of the Company) currently owned by the Offeror Concert Party Group, neither the Offeror, the director of the Offeror nor any person acting in concert with it owned or had control or direction over any voting rights or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares;
- (ii) save for the acquisition of 1,280,237,424 Sale Shares from the Vendors, neither the Offeror, the director of the Offeror nor any person acting in concert with it had dealt for value in any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period;
- (iii) save for the Share Purchase Agreement and the Irrevocable Undertakings, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares;
- (iv) save for the Share Purchase Agreement, there is no agreement or arrangement to which the Offeror or any person acting in concert with it, is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (v) neither the Offeror nor any person acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (vi) save for the Irrevocable Undertakings, none of the members of the Offeror Concert Party Group has received any irrevocable commitment to accept or reject the Offer;

APPENDIX V GENERAL INFORMATION RELATING TO THE OFFEROR

- (vii) save for the sale of 1,280,237,424 Sale Shares by the Vendors, none of Mr. David Chow, Ms. Chan Mei Yi, Melinda, Mr. Sheldon Trainor-DeGirolamo, PacBridge Capital and VF had dealt for value in any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period;
- (viii) there is no outstanding derivative in respect of the securities of the Company entered into by the Offeror Concert Party Group;
- (ix) save for the consideration for the Sale Shares under the Share Purchase Agreement, there is no other consideration, compensation or benefits in whatever form paid or to be paid by the Offeror Concert Party Group to the Vendors or any party acting in concert with them in connection with the sale and purchase of the Sale Shares under the Share Purchase Agreement;
- (x) no Shares or any convertible securities, warrants, options or derivatives issued by the Company was managed on a discretionary basis by fund managers (other than exempt fund managers) (if any) connected with the Offeror, the director of the Offeror or any person acting in concert with it, and no such person had dealt for value in the Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;
- (xi) no benefit will be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (xii) save for the consideration for the Sale Shares under the Share Purchase Agreement, there is no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror or any person acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer;
- (xiii) there is no arrangement of the kind referred to in the third paragraph to Note 8 to Rule 22 of the Takeovers Code which exists between the Offeror or any person acting in concert with it or its associates, and any other person;
- (xiv) save for the Share Purchase Agreement, the DC Irrevocable Undertaking, the MC Irrevocable Undertaking and the ST Irrevocable Undertakings, there is no understanding, arrangement or special deal (as defined in Rule 25 of the Takeovers Code) between the Vendors or any parties acting in concert with any of them on one hand, and the Offeror Concert Party Group on the other hand;
- (xv) save for the Share Purchase Agreement and the Irrevocable Undertakings, there is no understanding, arrangement or agreement or special deal (as defined in Rule 25 of the Takeovers Code) between (1) any Shareholder; and (2)(a) the Offeror Concert Party Group or (b) the Company, its subsidiaries or associated companies; and
- (xvi) there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons.

3. MARKET PRICES

The table below shows the closing prices of the Shares as quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing Price <i>HK\$</i>
31 March 2020	0.880
29 April 2020	0.940
29 May 2020	0.990
30 June 2020	1.050
31 July 2020	1.000
31 August 2020	0.940
11 September 2020 (being the Last Trading Day)	0.960
30 September 2020	1.050
30 October 2020 (being the Latest Practicable Date)	1.050

During the Relevant Period, the highest and lowest daily closing prices of the Shares as quoted on the Stock Exchange were HK\$1.13 per Share on 2 July 2020 and HK\$0.86 per Share on 1 April 2020, respectively.

4. QUALIFICATION AND CONSENT OF EXPERTS

The following are the qualifications of the experts who have given opinion or advice contained in this Composite Document.

Name	Qualification
Lego Corporate Finance	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO
Lego Securities	a corporation licensed to carry out Type 1 (dealing in securities) regulated activities under the SFO

Each of Lego Corporate Finance and Lego Securities has given and has not withdrawn their respective written consents to the issue of this Composite Document with the inclusion of its letter and/or references to its name in the form and context in which they respectively appear.

5. GENERAL

- (i) The Offeror, Perfect Achiever Group Limited, is wholly, ultimately and beneficially owned by Mr. Chan, who is also the sole director of the Offeror;
- (ii) The registered office of the Offeror is at 3rd Floor, J & C Building, Road Town, Tortola, British Virgin Islands, VG1110;
- (iii) The correspondence address of the Offeror and Mr. Chan is at Alameda Dr. Carlos d'Assumpcao, 411-417 Edf. Dynasty Plaza 18 andar, Macau;
- (iv) The correspondence address of Mr. David Chow, Ms. Chan Mei Yi, Melinda, Mr. Chow Wan Hok, Donald, Mdm. Lam and Mr. Sheldon Trainor-DeGirolamo is at the Palace Building, Macau Fisherman's Wharf, Avenida da Amizade e Avenida Dr. Sun Yat-Sen, Macau;
- (v) The correspondence address of Mr. Li is at 21/F, Entertainment Building, 30 Queen's Road Central, Hong Kong;
- (vi) The correspondence address of Ms. Chan is at Room 1503, 15/F, China Merchants Tower, 168 Connaught Road Central, Hong Kong;
- (vii) The registered office of Lego Corporate Finance is at Room 1601, 16/F, China Building, 29 Queen's Road Central, Hong Kong;
- (viii) The registered office of Lego Securities is at Room 301, 3/F, China Building, 29 Queen's Road Central, Hong Kong; and
- (ix) In the event of inconsistency, the English texts of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts.

6. DOCUMENTS AVAILABLE FOR INSPECTION

In addition to the documents set forth in the section headed “Documents available for inspection” of Appendix IV to this Composite Document, copies of the following documents are available for inspection (i) on the website of the Securities and Futures Commission (www.sfc.hk); (ii) on the Company’s website (www.macaulegend.com); and (iii) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays, and public holidays) at the principal place of business of the Company in Hong Kong at Shop 102, 1/F, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong during the period from the date of this Composite Document onwards for as long as the Offer remains open for acceptance:

- (a) the memorandum and articles of association of the Offeror;
- (b) the letter from Lego Securities, the text of which is set out on pages 7 to 20 of this Composite Document;
- (c) the consent letters referred to under the section headed “4. Qualification and consent of experts” in this appendix; and
- (d) the Irrevocable Undertakings.