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

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澳門勵駿創建有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1680)

SUPPLEMENTAL ANNOUNCEMENT REGARDING CONNECTED TRANSACTION: SALE OF AIRCRAFT

Reference is made to the announcement (the “**Announcement**”) of Macau Legend Development Limited (the “**Company**”) dated 18 October 2021 in relation to the sale of the Aircraft (the “**Disposal**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.

FURTHER ILLUSTRATION ON BASIS OF DETERMINATION OF THE CONSIDERATION

The Board would like to supplement the basis of determination of the Consideration as follows.

A reference price of approximately HK\$31,000,000 was gathered from the Aircraft Bluebook system, an aircraft valuation platform, as the basis of determination of the Consideration. Such reference price assumed that the Aircraft is in perfect condition and would be sold and delivered, as is typical in sale of aircraft, with the benefit of a comprehensive set of representations or warranty as to the airworthiness, operating condition, merchantability and fitness for use of the Aircraft or the quality of the material or workmanship of the Aircraft, as opposed to on an “as is” basis. The Board made adjustment to such reference price after taking into account the following factors:-

- 1) **“As-Is” Transaction:** Under the Sale and Purchase Agreement, the Seller was not required to make any warranty or representation as to the fitness, workmanship, condition, or merchantability of the Aircraft, significantly limiting the liability exposure on the part of the Seller and the Company especially considering the operating condition as described below;
- 2) **Technological obsolescence:** The Aircraft is one of the oldest aircraft models under Embraer Legacy 600 series and many of the parts of the Aircraft are no longer manufactured and readily available, making any repair and maintenance difficult, costly and time consuming;

3) **History of insurance claims, damages sustained and repairs undertaken:**

- a) Ravaged by Typhoon Hato in 2017, the Aircraft had to undergo a complete overhaul and certain core components of the Aircraft (including the main landing gear) were repaired/replaced in order to restore its airworthiness. Insurance claim in the amount of approximately HK\$12,000,000 was made in respect of this loss, which would also drive up the premium for insurance coverage;
- b) Due to continuous corrosion, the auxiliary power unit (the engine starter for the two jet engines and use for other power generation for the Aircraft) had encountered malfunction, and required repair several times before, and replacement and upgrade are due but yet to be carried out;

All these incidents were recorded in the log which any potential buyers would inspect as part of their due diligence routine and are discounting factors which any potential buyers would likely bargain for if their interest in the Aircraft remain; and

- 4) **Diminishing utility:** Under the impact of Coronavirus Disease 2019, the Aircraft is of little usage to the Company while the Disposal can help improve liquidity of the Group.

In view of the above, the Board considers that the Consideration is fair and reasonable and is on normal commercial terms.

By Order of the Board
Macau Legend Development Limited
Chan Weng Lin
*Co-chairman, executive Director and
chief executive officer*

Hong Kong, 25 October 2021

As at the date of this announcement, the executive Directors are Mr Chan Weng Lin, Mr Tsang Ka Hung, Ms Chan Mei Yi, Melinda and Mr Li Chu Kwan; the non-executive Directors are Mr Chow Kam Fai, David and Ms Ho Chiulin, Laurinda; and the independent non-executive Directors are Madam Tam Wai Chu, Maria, Mr Wang Hongxin (alias Wang, Charles Hongxin) and Mr Lau Ngai Kee, Ricky.

** for identification purpose only*