

## RISK FACTORS

*The Global Offering involves certain risks. Prior to making an investment decision, you should carefully consider all of the information in this prospectus, including, but not limited to, the risk factors described below. Any of the risks or uncertainties described below could materially and adversely affect our business. The trading price of our Shares could decline due to any of these risks or uncertainties, causing you to lose all or part of your investment. Prior to making an investment decision, you should consider carefully all the information set forth in this prospectus, including but not limited to the risk factors set forth below.*

A number of risks and uncertainties are inherent in our operations. We have categorized these risks and uncertainties into those relating to (1) our business and operations, (2) the gaming industry in Macau, and (3) the Global Offering. Investors should carefully consider the following information in conjunction with the other information contained in this prospectus.

### RISKS RELATING TO OUR BUSINESS AND OPERATIONS

**We provide Gaming Services under the Service Agreement and rely on SJM for all of our income from Gaming Services.**

We do not hold a concession or subconcession as required by the Macau Government to operate casino games and other games of chance in Macau. We provide Gaming Services to SJM, the concessionaire that operates the Casinos, pursuant to the Service Agreement. As consideration for our provision of Gaming Services, we receive from SJM a monthly compensation equivalent to a certain percentage of gross gaming income generated by the mass market tables, VIP tables and slot machines. See "Gaming Services Model — The SJM Concession" and "Gaming Services Model — The Service Agreement."

We have in the past relied on, and expect to continue to rely on, gaming service income from our largest customer, SJM, for a significant portion of our revenue. For the years ended 31 December 2010, 2011 and 2012, our revenue from Gaming Services accounted for 71.2%, 70.2% and 66.7%, respectively, of our total revenue for the same periods. Revenue derived from Gaming Services received by MFW Investment accounted for 37.3%, 41.1% and 54.0%, respectively, of its total revenue for the years ended 31 December 2010, 2011 and the period from 1 January to 18 May 2012.

Pursuant to the 2012 Amendments to the Service Agreement, SJM has authorized Hong Hock to provide Gaming Services in respect of six additional VIP tables in the VIP rooms in the Casinos for a period of one year in accordance with a special compensation scheme. We guarantee SJM that the monthly gross gaming income generated by the six additional tables in aggregate that SJM ultimately receives will not fall below HK\$1,920,000, whereby we agree to top up any shortfall in SJM's monthly revenue of HK\$1,920,000. The gaming promoters for the six tables pay a monthly premium fee of MOP25,000 to SJM for each of these tables, which we are liable to pay to SJM in the event the gaming promoters fail to pay. The authorization for the provision of Gaming Services in respect of these VIP tables was initially extended to 31 March 2013, pursuant to a notice of renewal issued by SJM to Hong Hock on 28 January 2013. Subsequently, SJM issued a further notice to Hong Hock on 3 May 2013, extending authorization for the provision of such Gaming Services to 31 January 2014. If we, or the

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gaming promoters designated for these VIP tables, fail to generate sufficient revenue from these additional VIP tables and default on monthly guaranteed amounts and premium fees, or if we breach any provision of the Service Agreement, SJM may decide to terminate these arrangements with us. We would stop receiving revenue from Gaming Services if SJM were to terminate the Service Agreement, which would materially and adversely affect our business, financial condition and results of operations. In the event the Service Agreement is terminated, we may not be able to enter into a similar arrangement with any of the other concessionaires or subconcessionaires.

A material dispute with SJM, any withdrawal of gaming tables allocated by SJM to the Casinos, or any material revision or early termination of the Service Agreement could materially and adversely affect our business, financial condition, results of operations and prospects. Further, the interests of SJM may not align with ours, given that the Casinos compete with the other casinos in Macau that are operated by SJM.

While we have obtained written confirmation from the DICJ that our arrangements with SJM under the Service Agreement comply with all applicable laws and regulations in Macau, we cannot assure you that the DICJ will continue to deem that our arrangements with SJM are in compliance with all applicable regulatory requirements under Macau laws after Listing. If the DICJ takes a different position in the future with respect to the Service Agreement, we may be required to suspend or terminate our Gaming Services, which would materially and adversely affect our business, financial condition and results of operations.

**We will stop generating any revenue from Gaming Services, if the Macau Government exercises its redemption right or terminates the SJM Concession under certain circumstances or if SJM cannot secure an extension of its concession in 2020 and we are unable to enter into a similar arrangement under the Service Agreement with any of the other concessionaires or subconcessionaires.**

Pursuant to the SJM Concession Contract, the Macau Government has the right to unilaterally terminate the SJM Concession in the event of noncompliance with basic obligations under the SJM Concession Contract and applicable Macau laws and regulations. We cannot assure you that SJM will be able to comply with these laws and regulations or that these laws and regulations would not adversely affect our ability to develop or provide our Gaming Services. Upon such termination for noncompliance with basic obligations under the SJM Concession Contract or applicable Macau laws and regulations, all of SJM's casino premises and gaming equipment would be automatically transferred to the Macau Government without compensation to SJM. The gaming properties and equipment owned by us, namely slot machines, would also be affected.

We cannot assure you that SJM will perform all of its obligations under the SJM Concession Contract in a way that satisfies the requirements of the Macau Government. Further, if the Macau Government deems that we have not complied with the terms of the Service Agreement and have caused SJM to breach its obligations under the SJM Concession Contract, the Macau Government may terminate the SJM Concession Contract and may forfeit our rights to the Casinos, including gaming equipment, and we would cease to generate any revenue from Gaming Services. See "Gaming Services Model."

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The SJM Concession Contract expires on 31 March 2020 and the parties may decide not to renew it upon its expiry. Beginning from April 2017, the Macau Government may redeem the SJM Concession by providing SJM with at least one year's prior written notice. We cannot assure you that SJM will be able to renew or extend its concession on favorable terms or at all. If the SJM Concession is redeemed by the Macau Government and SJM is unable to renew or extend its concession, and legislation with regard to reversion of casino premises is not amended, all of SJM's casino premises and gaming equipment will automatically be transferred to the Macau Government on that date.

In the event that the SJM Concession terminates, the Service Agreement will also terminate and we will cease to generate any revenue from Gaming Services if we are unable to enter into a similar arrangement under the Service Agreement with any of the other concessionaires or subconcessionaires. We are not entitled to be indemnified in the event the Service Agreement is terminated due to termination of the SJM Concession. We cannot assure you that SJM will agree to compensate us for the loss of future income upon such termination.

Even if the SJM Concession is renewed, there can be no assurance that SJM will renew the Service Agreement on favorable terms. Further, we cannot assure you that we will be able to enter into a similar arrangement under the Service Agreement with any of the other concessionaires or subconcessionaires.

We rely on SJM for a significant portion of our revenue. For the years ended 31 December 2010, 2011 and 2012, our revenue from Gaming Services accounted for 71.2%, 70.2% and 66.7%, respectively, of our total revenue for the same periods. Revenue derived from Gaming Services received by MFW Investment accounted for 37.3%, 41.1% and 54.0%, respectively, of its total revenue for the years ended 31 December 2010 and 2011, and the period from 1 January to 18 May 2012. Termination or modification of the terms of the Service Agreement or our failure to enter into substitute arrangements would materially and adversely affect our business, financial condition and results of operations.

**Our revenues are based primarily on gaming, which inherently involves elements of chance that are beyond our control. As a result, our revenues may be volatile.**

The gaming industry is characterized by the element of chance. In addition to the element of chance, theoretical expected win rates are also affected by other factors, including players' skills and experience, the mix of games played, the financial resources of players, the spread of table limits, the volume of bets placed by our players and the amount of time players spent on gambling. These factors, alone or in combination, have the potential to negatively impact win rates. As a result, actual win rates may differ greatly over short time periods, including from quarter to quarter and could cause our results of operations to be volatile. Further, it is possible for the winnings of casino patrons to exceed casino winnings, which would result in a gross gaming loss from the Casinos.

While we receive monthly compensation from SJM in consideration for our provision of Gaming Services, we also indirectly assume the business risk of an operator such that in the event of a gross gaming loss, we share with SJM a monthly amount equivalent to 55% of such gross gaming loss incurred by the mass market tables, generally 57% of such gross gaming loss incurred by the VIP tables (of which the gaming promoters are liable for 55% and we are liable

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for 2%) and generally 40% of such gross gaming loss incurred by the slot machines. In the event we experience significant losses from our gaming facilities due to our undertaking to reimburse or indemnify SJM for the gross gaming loss, our business, financial condition and results of operations, particularly our cash flow, could be materially and adversely affected.

In addition, a material portion of our revenue from Gaming Services is earned from VIP patrons. See “— We have limited control over the actions of the gaming promoters but are dependent on their reputation and integrity and rely on them for a material portion of our revenue from Gaming Services.” VIP patrons typically place large individual wagers which may lead to greater variances in win-loss results that could have a relatively higher impact on our revenues and cash flow in a particular period.

As a consequence of our reliance on revenue from Gaming Services, our revenue may experience significant volatility during a particular period and may not be indicative of our revenue for a full year. These factors, alone or in combination, have the potential to materially and adversely impact our business, financial condition and results of operations.

**The Casinos are operated under the SJM Concession and certain operational risks are beyond our control.**

SJM is the licensed occupant and operator of the Casinos. We depend on SJM for certain casino functions, including security and surveillance. For example, employees of SJM operate the video surveillance system in the Casinos. SJM also advises us on the security features of the chips used in the Casinos, including technologies such as infrared readers and electronic card readers. See “Business — Gaming — Gaming Operations — Quality Assurance, Internal Controls and Government Oversight — Internal Controls on Gaming Operations in the Casinos.” While SJM may control aspects of the gaming business of the Casinos, such as selection of SJM security personnel stationed on the premises and types of chips used in the Casinos, we bear most of the operating costs and expenses of the gaming business. For instance, if SJM decides to upgrade its surveillance system, we may need to install new equipment, increasing our operating costs and expenses. We would bear the full costs of such equipment and would not be reimbursed by SJM under the Service Agreement for such costs and expenses. Any such changes in the policies or practices of SJM with respect to its casino operations may result in additional operating costs for us, which could materially and adversely impact our business, financial condition and results of operations.

Further, as SJM is the licensed operator of the Casinos, it has ultimate discretion over the number and location of gaming tables in the Casinos, subject to the DICJ’s approval and limits imposed by the Macau Government. SJM also supplies the chips used in the Casinos. We cannot assure you that SJM will always act in our best interests in allocating resources, particularly where there may be a conflict of interest with respect to resources shared between the Casinos and other casinos that SJM may operate.

In addition, SJM, as the concessionaire that operates the Casinos, has the power and authority to make various decisions in respect of the Casinos which may have a direct or indirect impact on our provision of Gaming Services in relation to the Casinos under the Service Agreement. These decisions and any consequent actions may be taken in many cases without our prior approval or knowledge and the interests of SJM may conflict with our interests.

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**We are indirectly exposed to credit risk on credit extended to VIP patrons by gaming promoters operating in the gaming areas of The Landmark Macau.**

We do not extend credit to VIP patrons. Under Macau laws, only the concessionaires and subconcessionaires (and licensed gaming promoters engaged by the concessionaires or subconcessionaires) are permitted to extend gaming credit to, and collect gaming debts from, gaming patrons. Gaming promoters operating the VIP rooms in The Landmark Macau may in the course of their business extend credit to certain VIP patrons. This credit may or may not be secured by formal contractual arrangements. For these extensions of credit, gaming promoters may apply to SJM for credit, and may provide SJM with “front money” as a deposit or other collateral as security. Generally, gaming promoters selectively extend credit to VIP patrons whose level of play and financial resources warrant such an extension. However, we have no control over when the gaming promoters extend credit or their credit procedures, or their collection or enforcement processes.

We provide guarantees on behalf of designated gaming promoters who have credit arrangements with SJM. Pursuant to the Tri-Party Agreements, we provided a guarantee to SJM against any amount outstanding to SJM (including the gaming promoters’ share of the gross gaming loss) and any other losses incurred by SJM resulting from a breach of the Gaming Promotion Agreements by any of the designated gaming promoters. Under the Cooperation Agreements, each of the gaming promoters has agreed to reimburse and indemnify us for 55% of any gross gaming losses incurred in the respective VIP rooms and expenses related to the respective VIP rooms and for losses incurred by SJM resulting from their breach of the Gaming Promotion Agreements.

Each of the gaming promoters has provided us with a HK\$20 million deposit as security but such security might not be sufficient to indemnify us against losses we may incur pursuant to our guarantees to SJM. In the event the amount in default by a gaming promoter exceeds the HK\$20 million deposit and the gaming promoter is unable to fully repay outstanding amounts owed to us by the end of the relevant following month, we will negotiate a repayment plan with the gaming promoter. We will consider all our available options in the event we are unable to negotiate a repayment plan with the gaming promoter, including but not limited to commencing legal proceedings against the gaming promoter.

Gaming promoters may not have access to a forum in which they will be able to collect gaming debts because, among other reasons, courts of many jurisdictions, including China, do not enforce gaming debts. Further, they may be unable to locate assets in other jurisdictions against which to seek recovery of gaming debts. The collectability of gaming debts from international customers could be negatively affected by future business or economic trends or by significant events in the countries in which these customers reside. If gaming promoters fail to collect gaming debts or enforce other credit-related obligations and are, consequently, not able to remit payments to SJM, SJM may, in turn, not be able to pay for our Gaming Services. In addition, we may not be able to enforce the gaming promoters’ obligations to us. Further, if certain gaming promoters whose borrowings we have guaranteed fail to collect gaming debts and make timely repayments of borrowings, we may be liable for outstanding amounts. We have no control over how gaming promoters collect bad debt and cannot assure you that we

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have any effective means to reduce our exposure to these risks. Failure to minimize such risk exposure could materially and adversely affect our business, financial condition and results of operations.

**We are indirectly exposed to credit risk under our guarantee to SJM in relation to the slot machines in The Landmark Macau.**

We guarantee SJM that it receives a minimum daily gross slot win of HK\$110 for each of the slot machines in The Landmark Macau in connection with promotional and marketing expenses. Weike has agreed to be responsible for this guarantee and will account to SJM for any shortfall from such guaranteed minimum daily gross slot win for the slot machines. If Weike fails to pay SJM for any such shortfall, the Group would be liable to reimburse SJM for such shortfall. We cannot assure you that we would be able to recover any monies from Weike in such an event or have any effective means to reduce our exposure to these risks. Failure to minimize such risk exposure could materially and adversely affect our business, financial condition and results of operations.

**We face intense competition in Macau and elsewhere in Asia.**

The hotel, resort and casino businesses are highly competitive in Macau and elsewhere in Asia. Casinos and integrated gaming resorts are becoming increasingly popular in Asia, giving rise to more opportunities for industry participants and increasing regional competition. Our competitors in Macau and elsewhere in Asia include many of the largest gaming, hospitality, leisure and resort companies in the world. Some of these current and future competitors are larger than we are and may have more diversified resources and greater access to capital to support their developments and operations in Macau and elsewhere. See "Business — Competition."

We currently compete with the concessionaires and subconcessionaires as well as other hotel and resort operators operating under service agreements with them. We expect competition in Macau to increase as new hotels, casino and entertainment complex projects are completed in Cotai. The number of hotel rooms in Cotai is expected to increase upon completion of several new projects currently scheduled for that area in the coming few years. We also compete to some extent with casinos located in other countries, such as Malaysia, South Korea, the Philippines, Cambodia, Australia, New Zealand and elsewhere in the world, including Las Vegas and Atlantic City in the United States. In addition, certain countries, such as Singapore, have legalized casino gaming and others may in the future legalize casino gaming, including Japan and Taiwan. Singapore awarded casino licenses to Las Vegas Sands and the Genting Group in 2006. The Genting Group opened its casino in February 2010 and Las Vegas Sands opened its casino in April 2010. We also compete with cruise ships operating out of Macau, Hong Kong and other areas of Asia that offer gaming facilities. The increase in the number of gaming venues in Southeast Asia could also materially and adversely affect our business, financial condition and results of operations.

Currently, although Macau is the only region in Greater China offering legal casino gaming, there may be casinos in parts of mainland China that are operated illegally and without licenses. Competition from illegal casinos in mainland China and elsewhere could materially and adversely affect our business, financial condition, results of operations and prospects.

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### **We have a limited operating history.**

We remain in an early phase of our business operations and there is limited historical information available about our Company upon which you can base your evaluation of our business and prospects. While The Landmark Macau was established in 1997, Pharaoh's Palace Casino only began operating in January 2003 and the hotel in The Landmark Macau only began operating in November 2003. Between 1997 and 2002, The Landmark Macau mainly comprised commercial and office premises, residential apartments and car park facilities. Between February 2003 and September 2006, SJM directly managed the gaming operations in The Landmark Macau and paid us fixed monthly rental, management and dining service fees for the use of our premises, facilities and dining services. In September 2006, as part of our commercial strategy to gain further exposure to the Macau gaming industry, we entered the gaming service provider industry when we began providing the Gaming Services to SJM pursuant to the Service Agreement.

In addition, Macau Fisherman's Wharf was only opened in December 2006 and we only completed our acquisition of Macau Fisherman's Wharf in May 2012. We may not be successful in managing and redeveloping the facilities at Macau Fisherman's Wharf according to our plans. See "Business — Our Development Projects — The MFW Redevelopment Project." Therefore, you should consider our business and prospects in light of the risks, expenses and challenges that we will face given our limited experience in providing gaming services and operating, entertainment and leisure businesses in an intensely competitive market.

We may encounter significant risks and difficulties frequently experienced by companies with early stage operations, and such risks and difficulties may be heightened in a rapidly developing market such as the gaming market in Macau. Some of the risks relate to our ability to:

- fulfill conditions precedent to draw down or roll over funds from current and future credit facilities;
- comply with covenants under the credit facilities;
- raise additional capital, as required;
- respond to changing financing requirements;
- operate, support, expand and develop our operations and facilities;
- attract and retain customers and qualified employees;
- maintain effective control of our operating costs and expenses;
- maintain internal personnel, systems, controls and procedures to assure compliance with the extensive regulatory requirements applicable to the gaming business;
- respond to competitive market conditions;
- respond to changes in our regulatory environment;

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- identify suitable tenants and enter into new leases or license-to-use agreements; and
- renew or extend leases or license-to-use agreements for existing tenants on terms favorable to us.

If we are unable to successfully address the above risks, we may be unable to operate our businesses in the manner we contemplate and generate revenues from such projects in the amounts and within the timeframes we anticipate. We may also be unable to meet the conditions to draw on our existing or future financing facilities in order to fund various activities or may suffer a default under our existing or future financing facilities. If any of these events were to occur, it would have a material adverse effect on our business, prospects, financial condition, results of operations and cash flow.

**We are primarily dependent upon our operations within The Landmark Macau for our cash flow.**

We are primarily dependent upon our operations within The Landmark Macau for our cash flow. Revenue from our operations within The Landmark Macau accounted for 100%, 100% and 86.2% of our total revenue for the years ended 31 December 2010, 2011 and 2012, respectively. We are and will be subject to greater risks than a gaming company with more operating properties due to the limited diversification of our businesses and sources of revenue. Further, our operations are limited to the Macau Peninsula only and we have no operations in Cotai, which has emerged as an alternative prime location for developers of integrated resort offerings with gaming facilities that appeal to both the VIP and the mass market segments.

We have applied to the Macau Government for the requisite approvals to redevelop and expand Macau Fisherman's Wharf. However, we cannot assure you that we will secure the necessary approvals. If we do not secure such approvals, we may remain dependent on a limited number of principal properties for all of our cash flow. Even if we secure the approvals, it may take more than three years to develop our projects after commencement of construction if there are no major delays. If we experience delays, due to construction problems or for other reasons, we may continue to primarily depend on The Landmark Macau for longer than we expect.

We will continue to depend on our operations within Macau Fisherman's Wharf and The Landmark Macau for our cash flow for the foreseeable future. As a consequence, we may be subject to greater risks than competitors with more operating properties in Macau and/or elsewhere, due to lack of diversification of our business, risks and sources of revenue. These risks include, among others:

- "event risk," or the risk that a single event, such as a fire, power outage, terrorist act, criminal act or incident involving a highly infectious disease, could disrupt our entire business;
- fewer patrons, resulting in lower gaming revenues;
- fewer bets, resulting in less stable win rates and gaming revenues;



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- fewer tenants at our properties, resulting in lower revenue from leases;
- failure of our tenants to pay rent promptly or at all;
- economic, political and competitive conditions in Macau;
- travel restrictions to Macau imposed by mainland China or other countries;
- inaccessibility to Macau due to inclement weather or closure of primary access routes such as by sea, air or highway;
- decline in air or ferry passenger traffic to Macau due to higher ticket costs or fears concerning air or ferry travel;
- greater impact of any failure to obtain regulatory approvals for any future developments;
- changes in Macau governmental laws and regulations, including the Macau Gaming Law and regulations and interpretations thereof;
- liberalization in gaming laws and regulations in other regional economies that would compete with the Macau market;
- natural and other disasters, including the risk of typhoons in the South China region; and
- a significant decline in the number of visitors to Macau for any other reason.

Any of the above events could have a material adverse effect on our business, financial condition, results of operations and cash flow.

**The redevelopment and expansion of Macau Fisherman's Wharf may not proceed according to design, schedule or budget. We could encounter significant delays and cost increases in our redevelopment of Macau Fisherman's Wharf.**

The redevelopment and expansion of Macau Fisherman's Wharf may not proceed according to design, schedule or budget. Currently, the MFW Redevelopment Project is expected to offer, among other things, a new museum, entertainment attractions, additional gaming areas, hotel accommodation, food and beverage outlets, retail space and marina services. However, we are at a preliminary stage of development of the MFW Redevelopment Project without any final plans regarding design, construction schedule or budget. See "Business — Our Development Projects — The MFW Redevelopment Project." The features of the MFW Redevelopment Project described in this prospectus may be subject to change due to our own volition or circumstances which may not be entirely within our control.

All our existing and future construction plans will be subject to a number of risks, including:

- lack of sufficient, or delays in availability of, financing;

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- changes to plans and specifications;
- engineering and technical problems, including defective plans and equipment;
- shortages of, and price increases in, energy, materials and skilled and unskilled labor, and inflation in key supply markets;
- delays in obtaining or inability to obtain necessary permits, licenses and approvals, including any necessary Macau Government approvals not yet obtained;
- changes in laws and regulations, or in the interpretation and enforcement of laws and regulations, applicable to gaming, leisure, residential, real estate development or construction projects;
- shortages of workers, labor disputes or work stoppages;
- disputes with and defaults by contractors and subcontractors;
- personal injuries to workers and other persons;
- environmental, health and safety issues;
- weather interferences or delays;
- fires, typhoons and other natural disasters;
- geological, construction, excavation, regulatory and equipment problems; and
- other unanticipated circumstances or cost increases.

The occurrence of any of these development and construction risks could increase the total costs, delay or prevent the construction or opening, or otherwise affect the design and features of the MFW Redevelopment Project. We cannot assure you that our construction costs or total project costs will not increase beyond our initial budget estimates, or that we will be able to complete construction within schedule or at all. We could encounter significant delays and cost increases, which could cause us to incur additional indebtedness, among other things, and could materially and adversely affect our business, financial condition and results of operations.

### **We may not be permitted to increase the number of gaming tables in our properties.**

The locations and number of gaming tables in Macau are subject to DICJ approval and inspection. In March 2010, the Macau Government announced a policy capping the number of gaming tables operating in Macau at 5,500 until the end of the first quarter of 2013, and has not lifted the cap as of the Latest Practicable Date. According to the DICJ, the number of gaming tables in Macau as at 31 December 2012 was 5,485. In September 2011, the Macau Government announced that for a period of 10 years from 2014, the total number of gaming tables to be authorized in Macau will be limited to an annual increase of 3%. This restriction may adversely affect the future expansion of our business. Our preliminary plans for expansion of our gaming-related business would require the allotment of additional gaming tables across

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our properties on an incremental basis, in particular as the MFW Redevelopment Project progresses, bringing the total number of gaming tables to 500 from 146 gaming tables operating in Pharaoh's Palace Casino and Babylon Casino, as at 31 December 2012. In response to the 2012 Additional Gaming Tables Application, the DICJ advised us and SJM in writing on 7 December 2012 that the measures taken by the Macau Government to limit the number of gaming tables in September 2011 will not be an obstacle to the request made under the 2012 Additional Gaming Tables Application to operate up to 500 gaming tables in total in the gaming premises located within The Landmark Macau and Macau Fisherman's Wharf. Accordingly, the DICJ may, in addition to the existing gaming tables in the Casinos, consider granting new gaming tables to be operated on the gaming premises within our properties in stages in accordance with the investment plan and market studies presented to the Macau Government in support of the 2012 Additional Gaming Tables Application. While it is our current plan to allocate tables across the existing and new casinos at Macau Fisherman's Wharf, the actual table allocation to each property and the split in actual tables among the mass, premium mass and VIP segments will depend on several factors including final building designs and conditions in the Macau gaming market. We cannot assure you that the DICJ will eventually approve our plans to increase the number of gaming tables in the Casinos, particularly in connection with our plans to build luxury hotels with casino areas as part of our MFW Redevelopment Project. If we are unsuccessful in obtaining such approval, we may not be able to generate additional revenue from the provision of Gaming Services with respect to any additional gaming tables as anticipated and we may, accordingly, need to record impairment loss in respect of the goodwill that arose from the 2012 MFW Acquisition, the carrying amount of which was HK\$682.0 million as at 31 December 2012. Our business, financial condition and results of operations could be materially and adversely affected as a result. Even if we obtain approval to increase the number of gaming tables in the Casinos, we cannot assure you that we will be able to maintain a high level of win per table.

**We require various approvals, licenses and permits to operate our existing hotel properties and those contemplated as part of the MFW Redevelopment Project and the loss of or failure to obtain or renew any or all of these approvals, licenses and permits could adversely affect our business, financial condition and results of operations.**

In accordance with Macau laws and regulations, we are required to maintain various approvals, licenses and permits in order to operate our hotel business. These approvals, licenses and permits are achieved upon satisfactory compliance with, among other things, the requirements set forth by the Public Works Department, the Institute for Civic and Municipal Affairs and the Fire Department. Most of these approvals, licenses and permits are subject to periodic examinations or verifications by relevant authorities and are valid only for a fixed period of time subject to renewal and further accreditation.

As at the Latest Practicable Date, we had obtained all the approvals, licenses and permits required for the operation of our existing hotel properties. We intend to seek the necessary approvals, licenses and permits for the planned hotels under the MFW Redevelopment Project when they are closer to completion. However, if we are unable to meet the relevant requirements or are found to be in material breach of any laws or regulations, and as a result unable to pass the relevant examinations or verifications, our approvals, licenses and permits or applications for them could be, respectively, revoked or rejected.

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We cannot assure you that we will be able to pass every examination or verification in the future. There can be no assurance that we will be able to renew all of the required approvals, licenses and permits if and when they expire. If we cannot obtain and maintain all approvals, licenses and permits required by us to operate our hotel business, our hotel business could be interrupted or the continued operation of our hotels may be subject to fines and penalties. If we are not able to obtain approvals, licenses and permits for the hotels that are part of the MFW Redevelopment Project, our business expansion plan may be disrupted. These factors have the potential to materially and adversely impact our business, financial condition and results of operations.

**MFW Investment was loss-making during the Track Record Period and we may not fully realize anticipated benefits from redevelopment and expansion.**

MFW Investment operated at a loss in each of the years ended 31 December 2010 and 2011 and in the period from 1 January to 18 May 2012 and its growth potential, even after redevelopment and expansion, may not materialize. For the years ended 31 December 2010 and 2011 and the period from 1 January to 18 May 2012, MFW Investment recorded net losses of HK\$176.2 million, HK\$109.6 million and HK\$18.1 million, respectively. We cannot assure you that Macau Fisherman's Wharf will generate any profits even after redevelopment. We may not be able to attract a sufficient number of customers, including mass market players and other visitors to Macau Fisherman's Wharf, in order to achieve performance goals. A number of factors beyond our control, including general or local economic conditions, increased competition or other changes in the Macau gaming and hospitality industries, could materially and adversely affect implementation of our business strategies and our ability to realize profits from Macau Fisherman's Wharf.

**We had net current liabilities as at 31 December 2010, which exposed us to certain liquidity risks.**

As at 31 December 2010, we had net current liabilities of approximately HK\$2,363.6 million, primarily due to dividends payable to the Shareholders of HK\$3,033.4 million which were classified as a current liability in 2010. In addition, our gearing ratio was 135.4% as at 31 December 2011, due to an outstanding loan under the 2011 Term Loan Facility of HK\$1,728.6 million as at 31 December 2011.

We cannot assure you that we will not experience net current liabilities or a high gearing ratio position in the future. Having net current liabilities could constrain our operational flexibility as well as adversely affect our ability to expand our business and enhance our liquidity. If the increase in our total borrowings results in an increase in our gearing ratio, our capability for external financing will be limited. If adequate funds are not available from external borrowings, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans, and our business, financial condition and results of operations may be materially and adversely affected.

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**We intend to terminate our relationship with TCL, a connected person and the only gaming promoter responsible for gaming promotion for the VIP rooms in the Casinos for a large part of the Track Record Period, prior to Listing.**

Between August 2009 and October 2012, TCL was the only designated gaming promoter responsible for gaming promotion for the VIP rooms in the Casinos. TCL will be a connected person of the Company upon Listing. We intend to terminate our relationship with TCL in relation to the VIP room which TCL currently operates prior to Listing. We cannot assure you that we will be able to find a suitable gaming promoter to replace TCL to operate such VIP room immediately upon the termination of our relationship with TCL. We also cannot assure you that the other gaming promoters, who are independent third parties, will be able to develop or maintain relationships with a sufficient number of VIP patrons, to control costs, or to collect receivables due from their customers in a timely manner or at all. Accordingly, we cannot assure you that our business, financial condition and results of operations during the Track Record Period can be repeated after Listing.

**We have limited control over the actions of the gaming promoters but are dependent on their reputation and integrity and rely on them for a material portion of our revenue from Gaming Services.**

We do not hold, and are not required to hold, a gaming promoter license under the Gaming Promoters Regulation for the promotion of games of fortune and chance or other games, and may not arrange services such as credit extension, transportation, accommodation, dining and entertainment for patrons of such games. Certain designated gaming promoters conduct and operate gaming promotion activities for the VIP rooms in The Landmark Macau.

The reputation and integrity of the parties with whom we engage in business activities, in particular the gaming promoters responsible for gaming promotion for the VIP rooms in our properties, are important to our own reputation and ability to continue to operate in compliance with the Macau Gaming Law and related regulations. Under the SJM Concession Contract, SJM has an obligation to supervise its gaming promoters to ensure compliance with applicable laws and regulations, and we have undertaken to collaborate with SJM to carry out such obligations. Serious breaches or repeated misconduct by the designated gaming promoters could result in the termination of the SJM Concession.

While we endeavor to ensure that the designated gaming promoters comply with high standards of integrity as required by the Macau Government, we cannot assure you that the designated gaming promoters will always maintain these high standards. We have limited control over the actions of these designated gaming promoters. Under Macau laws, unless approved by the DICJ, we are not permitted to enter into trust arrangements or gain decision-making control over licensed gaming promoters. Although we have the exclusive right to designate the gaming promoters for the VIP rooms in The Landmark Macau pursuant to the 2011 Amendment to the Service Agreement and have entered into the Cooperation Agreements, the arrangement for these gaming promoters to operate as gaming promoters within the Casinos is directly governed by the Gaming Promotion Agreements, which are entered into between SJM and each of the designated gaming promoters and to which we are not a party.

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A material portion of our revenue from gaming services is generated by VIP patrons introduced by these designated gaming promoters. Gaming promoters typically assist VIP patrons with travel and entertainment arrangements and may from time to time extend credit to such patrons. In exchange for the services of the designated gaming promoters who introduce VIP patrons to the Casinos, SJM pays commissions to the designated gaming promoters, after which we receive a certain percentage depending on our arrangements with the respective gaming promoter.

If we enter into a business relationship with a gaming promoter whose integrity comes into doubt, regulators or investors may consider such relationship as a negative reflection on our own integrity. If any current or future gaming promoter we designate violates applicable Macau laws, the Macau Government may, in its discretion, take enforcement action against each or all of us, SJM and the gaming promoter and may sanction us, which could harm our reputation and materially and adversely affect our business, financial condition and results of operations.

Our revenue derived from the provision of services in the VIP rooms was HK\$87.9 million, HK\$123.3 million and HK\$110.8 million for the years ended 31 December 2010, 2011 and 2012, respectively, which represented 8.0%, 9.2% and 7.4% of our total revenue, respectively. VIP gaming results are subject to significant short-term volatility because of the amounts wagered by individual VIP patrons. In addition, a select few VIP patrons could individually contribute a significant portion of VIP gaming revenue during any particular period. The loss of business from key VIP patrons, a reduction in play by VIP patrons or significant gaming wins by VIP patrons could materially and adversely affect our business, financial condition and results of operations.

We cannot assure you that the gaming promoters will be able to develop or maintain relationships with a sufficient number of VIP patrons, to control costs, or to collect receivables due from their customers in a timely manner or at all.

Furthermore, pursuant to the Tri-Party Agreements, we are liable to SJM for any breach of the Gaming Promotion Agreements by the respective gaming promoters to these agreements and have agreed to guarantee any amounts outstanding to SJM from these gaming promoters for the operation of the VIP rooms. See "Financial Information — Commitments and Contingencies." However, we cannot assure you that we will be able to bear such liability or to assume the debt obligation of these gaming promoters if they default on amounts outstanding to SJM.

Moreover, we cannot assure you that the gaming promoters currently operating in The Landmark Macau will continue to work with SJM and us. These gaming promoters may make arrangements with other gaming operators or work with other gaming operators exclusively in the future, which could divert VIP patrons from the Casinos and could materially and adversely affect our business, financial condition and results of operations.

## RISK FACTORS

**The success of our intended gaming promotion business depends on our ability to secure regulatory approvals to indirectly participate in the gaming promotion business through a licensed gaming promoter.**

We intend to indirectly participate in the gaming promotion business of certain VIP rooms in our properties through a newly licensed gaming promoter to be established by Mr. Yip Wing Fat, Frederick, an independent third party and a member of our senior management. This requires Mr. Yip to obtain from the DICJ a gaming promoter license to engage in gaming promotion and our Group to obtain from the DICJ all necessary regulatory approvals in respect of such indirect participation in the gaming promotion business.

It is intended that, upon obtaining the gaming promotion license and the necessary regulatory approvals, the newly licensed gaming promoter will engage in the gaming promotion business by operating VIP room(s) in the Casinos, in relation to which we will bear the operating expenses, including commissions to collaborators (if any), utilities and food and beverage expenses, and consolidate the profits and losses generated from such VIP room(s). This will result in a change to the risk profile for our business, which relate mainly to increased volatility in our VIP revenue and results and direct exposure to credit risks in relation to VIP patrons.

As at the Latest Practicable Date, Mr. Yip had not obtained the requisite gaming promoter license and we had not obtained any of the requisite approvals from the DICJ. We cannot assure you that the required gaming promoter license will be secured by Mr. Yip or any of the required approvals from the DICJ with respect to our proposed indirect participation in the gaming promotion business will be obtained within a reasonable time or at all. Furthermore, we will treat Mr. Yip Wing Fat, Frederick or any person in his role as a connected person and will comply with Chapter 14A of the Listing Rules in respect of any transactions between the Group, Mr. Yip and New Legend upon commencement of the Group's indirect participation in the gaming promotion business through the consolidation of New Legend's profits and losses. In the event the applicable ratios of the transactions that comprise our aforesaid indirect participation in the gaming promotion business, which will be calculated based on their respective annual caps, under the Listing Rules, exceeds 5% and the total consideration exceeds HK\$10,000,000, such transactions will be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Rules 14A.37, 14A.45, 14A.47 and 14A.48 of the Listing Rules. We cannot assure you that, in such an event, we will be able to obtain the independent shareholders' approval with respect to all or any of such transactions. If the requisite gaming promoter license, any other requisite regulatory approvals and all necessary independent shareholders' approval cannot be secured, we will be unable to indirectly participate in the gaming promotion business. See "Business — Our Strategies — Indirectly participate in the gaming promotion business of VIP tables in our properties to diversify our Gaming Services so as to receive a higher percentage of gross gaming income generated by such VIP tables" and "Business — Gaming — Gaming Promotion Business."

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**Our business is sensitive to downturns in the economy, economic uncertainty and other factors affecting discretionary consumer spending.**

Demand for the type of luxury services, gaming services and leisure activities we offer is sensitive to downturns and uncertainty in the global and regional economy and corresponding decreases in discretionary consumer spending, including on leisure activities. Changes in discretionary consumer spending or consumer preferences could be driven by factors such as perceived or actual general economic conditions, energy, fuel and other commodity costs, the cost of travel, employment and job market conditions, actual or perceived levels of disposable consumer income and wealth, and consumer confidence in the economy. These and other factors have in the past reduced consumer demand for the luxury services, gaming services and leisure activities we offer, imposed practical limits on pricing and materially and adversely affected our business, financial condition and results of operations and could affect our liquidity position.

Although recent data has shown significant growth in terms of visitor arrivals and gaming revenue in Macau, we cannot assure you that these trends will continue or that government responses to global economic conditions will successfully address fundamental weakness in the markets, increase consumer confidence or increase market liquidity. Continued weakness in the global economy or in the economy of China, where a significant number of gaming patrons reside or where gaming patrons generate their income, may result in a decline in the number of patrons, including VIP patrons, visiting the Casinos or a reduction in the frequency of visits by these patrons, or may result in these patrons visiting the Casinos but spending less money. Any decrease in the growth of, or reduction in, consumer demand for gaming and leisure activities in Macau would materially and adversely affect gaming volume and casino revenues and, as a result, could materially and adversely affect our business, financial condition and results of operations.

**The success of our business may depend on our ability to attract and retain a sufficient number of qualified personnel. A limited labor supply and increased competition could cause labor costs to increase and limit our ability to expand.**

Our ability to maintain our competitive position is dependent to a large degree on the efforts, skills and continued service of our key management and operating personnel. The loss of our key management and operating personnel would likely have a material adverse effect on our business.

Our business is labor intensive and, therefore, our success also depends in large part on our ability to attract, train, motivate and retain a sufficient number of qualified and skilled employees to run our operations. Macau has a relatively limited labor market for the supply of employees for gaming services as well as for the operation of our intended future projects at Macau Fisherman's Wharf. As a matter of Macau Government policy, work visa applications by non-Macau residents for dealer and gaming supervisor positions are generally not approved. Furthermore, our ability to recruit employees from other countries to staff other aspects of our operations is restricted by labor quota restrictions imposed by the Macau Government. Under Macau laws, employers may be held criminally liable if they knowingly hire illegal workers. See



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“Regulations — Labor Regulations — Labor Quotas.” In addition, many of our employees are required to possess certain gaming-related skills for which substantial training and experience are needed.

Given the limited pool of qualified operating, marketing, financial and technical personnel and experienced gaming and other personnel currently available in Macau as well as the large and growing number and scale of casino resort developments and non-casino businesses currently operating in Macau, we face and will continue to face significant competition in the recruitment and retention of appropriately qualified employees. This could require us to raise the salaries of current employees or to pay higher wages to attract new employees, which could cause our labor costs to increase. If we are unable to attract and retain a sufficient number of qualified employees, or if we encounter a significant increase in labor costs due to salary increases or for any other reason, our business, financial condition and results of operations could be materially and adversely affected.

In addition, we may be unable to retain the services of our key management personnel and may not easily be able to replace such personnel if they choose to leave us for any reason. In turn, this could have a material adverse effect on our business, financial condition and results of operations.

**If we lose the services of David Chow, our business, financial condition and results of operations could be materially and adversely affected.**

The expertise, local market knowledge and marketing efforts of David Chow have played a significant role in our development. If we lose the services of David Chow or if he is unable to devote sufficient time or attention to our business, our business, financial condition and results of operations might be negatively impacted. See “History, Reorganization and Corporate Structure” and “Directors and Senior Management” in this prospectus for details of the past and current roles played by David Chow in the management of our business. In particular, if David Chow reduces his involvement in our Company, we might not be able to benefit from his relationships and business reputation within Macau, the Greater China region and elsewhere. This could have a material adverse effect on our ability to secure future development opportunities and on our regulatory relationships in Macau. We could also be materially and adversely affected by the loss of the local market knowledge and experience that David Chow brings to us.

**Our insurance coverage may not be adequate to cover all potential losses that we could suffer, and our insurance costs could increase.**

Although we have all-risk property insurance for The Landmark Macau and Macau Fisherman’s Wharf covering damage caused by physical loss (such as fire and natural disasters) as well as coverage from SJM insurance policies as to the Casinos, the policies have certain exclusions. In addition, our property insurance coverage is for an amount that may be less than the expected full replacement cost of rebuilding our property if there is a total loss. SJM’s insurance coverage for the Casinos covers only losses in relation to accidental property damage, money on premises, money in transit and certain third-party liabilities. Our level of insurance coverage may be inadequate to cover all possible losses in the event of a major incident. In addition, certain casualty events, such as terrorist attacks and other calamities, or damage

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resulting from deterioration or corrosion, insects or animals, or pollution, might not be covered under our insurance policies. Therefore, certain acts and events could expose us to substantial uninsured losses. Further, we may not be entitled to receive any insurance proceeds if we owe our lenders any outstanding amounts due under our facility agreements. In addition to the damage caused to our property by a casualty loss, we may suffer business disruption as a result of these events or be subject to claims by third parties who were injured or harmed. While we carry general liability insurance for our hotel operations and Gaming Services and limited business interruption insurance for our Gaming Services, this insurance may not continue to be available on commercially reasonable terms and, in any event, may not be adequate to cover all losses.

We cannot assure you that we will be able to renew our insurance policies in a timely manner, or at all, on comparable terms. The cost of coverage may become so high that we may need to further reduce our policy limits or increase deductibles, or agree to additional exclusions from our coverage. There is also limited available insurance in Macau and our Macau insurance companies may need to secure reinsurance in order to adequately insure our property and development projects. Failure to renew our insurance policies and obtain adequate coverage may materially and adversely affect our business, financial condition and results of operation.

### **Gaming businesses are subject to the risk of cheating and counterfeiting.**

Players in the Casinos may attempt to commit fraud or cheat in order to increase winnings. Acts of fraud or cheating could involve the use of counterfeit currency, chips or other tactics, possibly in collusion with our employees. Internal acts of cheating could also be conducted by employees through collusion with dealers, surveillance staff, floor managers or other casino or gaming area staff. Failure to discover such acts or schemes in a timely manner could result in losses in our gaming services business. In addition, negative publicity related to such schemes could have an adverse effect on our reputation, thereby materially and adversely affecting our business, financial condition, results of operations and cash flow.

We conduct regular reviews of our operations to prevent cheating. Each game has a statistical theoretical expected win rate and we also examine win statistics for any evidence of cheating when gaming win consistently varies from the theoretical normal win inherent in the games. However, theoretical win rates depend on a number of factors, and players in the Casinos or gaming areas may win more often than they theoretically should. We cannot assure you that our efforts to prevent cheating will be effective and any failure to prevent cheating may materially and adversely affect our business, financial condition, results of operations and cash flow.

**We cannot assure you that the anti-money laundering and anti-corruption policies of the Casinos will be effective in preventing the occurrence of money laundering or other illegal activities at the Casinos.**

Pursuant to the Service Agreement, we cooperate with SJM so that it may comply with all applicable laws and regulations in Macau, such as the Minimum Internal Control Requirements issued by the DICJ, in addition to the compliance requirements under the SJM Concession. We have assumed the contractual obligation to conduct anti-money laundering compliance activities in conjunction with SJM, including jointly monitoring gaming activity in the Casinos and

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ensuring every casino employee receives mandatory anti-money laundering training in accordance with policy manuals developed by SJM. However, we cannot assure you that these policies and practices will be effective to prevent money laundering. Any incidents of money laundering, accusations of money laundering or regulatory investigations into possible money laundering activities involving us, our employees, the designated gaming promoters or their collaborators, or gaming patrons in the Casinos may have a material adverse impact on our reputation, relationship with our regulators, business, cash flow, financial condition, prospects and results of operations. Any serious incident of money laundering or regulatory investigation into money laundering activities may cause a revocation or suspension of the SJM Concession, which would result in the termination of the Service Agreement. For more information regarding Macau's anti-money laundering regulations, see "Regulations — Macau Gaming Regulations — Anti-Money Laundering and Anti-Terrorism Financing Regulations" and "— The Casinos are operated under the SJM Concession and certain operational risks are beyond our control" in this prospectus.

### **Litigation, disputes and regulatory investigations may adversely affect our profitability and financial condition.**

We are, and may be in the future, subject to legal actions, disputes and regulatory investigations in the ordinary course of our business. We may become involved in disputes with various parties involved in the operation of our properties, including contractual disputes and personal liability claims. Any such disputes may lead to legal or other proceedings and result in substantial costs and the diversion of resources and management's attention. For example, during 2010 and 2011, we initiated repossession proceedings against three tenants at Macau Fisherman's Wharf, with total rental arrears in dispute of MOP89.0 million and MOP43.5 million, respectively. While each of these cases has been decided in our favor, we cannot assure you that we will be able to enforce the judgments and recover all of the amounts owed to us. We may also have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decisions that result in penalties being imposed on us. Unfavorable resolution of any pending or future litigation, disputes or regulatory investigation could materially and adversely affect our business, financial condition and results of operations. For further information on our current legal and arbitration proceedings, see "Business — Compliance and Legal Proceedings" in this prospectus.

### **Any challenges to our registered trademarks, as well as other trademarks we use, could adversely affect our ability to use such trademarks.**

We have registered the trademarks "The Landmark Macau" and "Macau Fisherman's Wharf" with the Macau Intellectual Property Department for a number of services and uses. These registrations are not conclusive as to the exclusive right to use such trademarks. Third parties who claim prior rights with respect to similar marks may challenge our registrations and our respective use of the trademarks and seek to overcome the presumptions afforded by such registrations. They could also attempt to prevent our use of the trademark "The Landmark Macau" or the "Macau Fisherman's Wharf" or both. A successful challenge by a third party with respect to our ownership of, or right to use, the trademarks could materially and adversely affect our ability to continue to use such trademarks.

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While we have registered “The Landmark Macau” trademark with the Macau Intellectual Property Department, we do not have exclusive use of the “Landmark” name in Macau. In addition, a number of hotels operating in different jurisdictions, including “The Landmark Shenzhen” and “The Landmark Hong Kong” have used, and continue to use, the “Landmark” as part of or as their whole brand name or trademark. We have not taken, and currently do not plan to take, any action to stop such third parties from continuing to market their hotels using the “Landmark” name. We cannot assure you that, to the extent such other hotels provide a lower level of service or have or develop a poor reputation, it would not have an adverse impact on our brand and reputation as customers may associate such hotels with the hotel operations at The Landmark Macau and Macau Fisherman’s Wharf.

We have been involved in an ongoing dispute with Hongkong Land regarding the use of “Landmark” in Macau. In September 2003, Hongkong Land filed six applications with the Macau Intellectual Property Department for the registration of trademarks involving the name “Landmark” in Macau, which were all denied by the Macau Intellectual Property Department due to our prior trademark registrations. Appeal proceedings against these applications have been filed and are still pending. See “Business — Compliance and Legal Proceedings.” Accordingly, we cannot prevent others from using this name, particularly for services and products marked for classes different from ours. To the extent we are unsuccessful in defending our rights to the relevant trademarks or are deemed to infringe any trademarks of third parties, we may be required to cease using such marks in Macau or in other countries and pay substantial damages.

We cannot assure you that infringement claims will not be asserted against us in the future. Assertion of such claims could result in litigation. Any such claims, regardless of the outcome, could result in substantial costs to us and divert management’s attention from our operations and require us to pay damages, cease using the intellectual property (including the marks), develop non-infringing intellectual property or acquire licenses to the intellectual property that is the subject of the asserted infringement, which licenses, if available, could be on unreasonable terms. This could in turn have a material adverse effect on our business, cash flow, financial condition, results of operations and prospects.

**We may face allegations, complaints or reports made by various third parties, which could affect our reputation, corporate image and ability to conduct or expand our operations.**

There may be negative press reports regarding the Casinos in the future, in Hong Kong and elsewhere. In addition, we may face allegations and complaints made by various third parties and in media reports in relation to SJM’s and our compliance with applicable anti-money laundering laws or association with other illegal activities. Whether or not justified, any incidents, regulatory investigations or reports through the media or other third parties of possible money laundering or other illegal activities involving SJM, the Group, the Casinos, our Directors, officers, employees, patrons, gaming promoters or shareholders, could harm our reputation and our corporate image, or otherwise affect our ability to conduct or expand our business, both in Macau and abroad, and may therefore have a material adverse effect on our business, cash flow, financial condition, results of operations, prospects and Share price.

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**Our term loan facility agreements with ICBC Macau contain covenants that restrict the ability of New Macau Landmark and Hong Hock to engage in certain transactions and may impair our ability to respond to changing business and economic conditions.**

The 2011 Term Loan Facility and the 2012 Term Loan Facility restrict the ability of New Macau Landmark as borrower and Hong Hock as corporate guarantor to engage in certain transactions, which may impair our ability to respond to changing business and economic conditions, even though our Company is not directly subject to such covenants. In particular, these facilities require New Macau Landmark and Hong Hock to satisfy various financial covenants, including a maximum leverage ratio and minimum interest coverage ratio, and impose certain operating and financial restrictions on New Macau Landmark and Hong Hock, including, among other things, limitations on their ability to incur additional debt, make investments or engage in other businesses, change their shareholding structure, or transfer and sell assets.

Further, our ability or the ability of our subsidiaries to comply with these covenants in the future may be affected by events beyond our or their control, including prevailing economic, financial and industry conditions. As a result, it may not be able to comply with these covenants, including with respect to making required payments due to insufficient cash flow. Failure to comply with any of these covenants could result in an event of default, which could materially and adversely affect our business, financial condition and results of operations. If an event of default occurs, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to become due and payable immediately. In addition, such an event of default could also cause an event of default under the terms of any future indebtedness. We cannot assure you that our assets or cash flow would be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default, or that we would be able to repay, refinance or restructure the payments on those debt securities. In addition, if our operating subsidiaries were to cease to produce cash flow sufficient to service our indebtedness, we may be required to sell our assets, refinance all or a portion of our existing debt or obtain additional financing, and any future indebtedness or other contracts could contain financial or other covenants more restrictive than those applicable to the 2011 Term Loan Facility and the 2012 Term Loan Facility.

In addition, in order to obtain the consent of ICBC Macau and the other lenders under the 2011 Term Loan Facility and the 2012 Term Loan Facility in respect of the Global Offering and to release the guarantees and other securities given by the Controlling Shareholders, (i) David Chow, All Landmark, Lam Fong Ngo, Grand Bright, Li Chi Keung, Elite Success and Ina Chan are required to hold at least 51% of the enlarged share capital of our Company upon completion of the Global Offering; and (ii) David Chow, Lam Fong Ngo, Sheldon Trainor-DeGirolamo and Tong Ka Wing, Carl are required to comprise the majority of the members of the Board (excluding the independent non-executive Directors) for the term of both the 2011 Term Loan Facility and the 2012 Term Loan Facility. In addition, each of David Chow, Lam Fong Ngo and Sheldon Trainor-DeGirolamo shall remain as executive Director on the Listing Date. In the event David Chow, All Landmark, Lam Fong Ngo, Grand Bright, Li Chi Keung, Elite Success and Ina Chan fail to, in aggregate, maintain a 51% shareholding of the enlarged share capital of our Company upon completion of the Global Offering and/or David Chow, Lam Fong Ngo, Sheldon Trainor-DeGirolamo and Tong Ka Wing, Carl cease to comprise the majority of the members of the

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Board (excluding the independent non-executive Directors) for the term of both the 2011 Term Loan Facility and the 2012 Term Loan Facility, ICBC Macau and the other lenders may recall the loans made to us under both loan facilities and, in such an event, this may materially and adversely impact our business, financial condition and results of operations.

**We may require new or additional debt or equity financing to expand our business and fund future projects and we may not be able to obtain such financing on satisfactory terms or at all.**

We have partially financed our operations through external bank borrowings. We may require new or additional debt or equity financing in the future to expand our business and fund future projects, including the MFW Redevelopment Project and other potential Macau projects. Our ability to obtain new or additional financing will depend on a variety of factors, many of which are beyond our control, including aspects of our financial performance, conditions of the global capital markets in which we may seek to raise funds, credit availability, interest rates, the conditions of the economy in general, and other gaming companies that may also seek funding, and securing certain approvals from the Macau gaming and governmental authorities and lenders' perceptions of, and investors' demand for, debt and equity securities of gaming companies. Lenders' perceptions and investors' demand may be affected by many factors, including the number of visitors to Macau and the resulting business volume and revenues of Macau casino resorts, which are in turn subject to other factors, including travel restrictions from China and any potential outbreak of infectious diseases. See "— Risks Relating to the Gaming Industry in Macau — Restrictions on travel to Macau, an outbreak of infectious diseases, natural disasters and other travel disruptions could reduce the number of visitors to our properties and adversely affect our business and results of operations."

As a result, we cannot assure you that we will be able to access capital from external sources on terms and conditions satisfactory to us, or at all. Further, even if we do secure financing for our future projects, we may also encounter substantial cost increases, cost overruns or delays in connection with those projects which could necessitate further financing that we may not be able to obtain on acceptable terms or at all. If we are unable to obtain new or additional financing, we may not be able to expand our business as anticipated or to fund future projects, including the redevelopment and expansion of Macau Fisherman's Wharf and refurbishment of The Landmark Macau, which could materially and adversely affect our business, financial condition and results of operations.

In addition, if we take on additional indebtedness to fund future projects, this increased leverage could, among other things, have an adverse impact on our cash flow and operational flexibility and require us to comply with potentially burdensome financial and other covenants.

**Our Controlling Shareholders will have significant influence over us and their interests may differ from those of the public Shareholders.**

Immediately following the completion of the Global Offering and assuming no Shares have been transferred by the Pre-IPO Vendors pursuant to the SJM Adjustment Right and the Over-allotment Option is not exercised, and without taking into account any Directors' Reward Shares and any Shares that may be issued pursuant to the David Chow Share Options and any options that may be granted under the Share Option Scheme, David Chow and Lam Fong Ngo, together will, through All Landmark and Grand

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Bright, respectively, hold 39.7% of the total issued capital of our Company (assuming the International Placing will be fully underwritten and all of the 282,525,000 International Placing Sale Shares will be sold under the Global Offering). As a result of their substantial equity and voting interests, these Controlling Shareholders will, when acting together, have significant influence in, among other things, the election of a majority of our Directors, including the collective ability to nominate Directors, appoint and change our management, our legal and capital structure and our day-to-day operations, approving material mergers, acquisitions, dispositions and other business combinations and approving any other material transactions and financings. These actions may be taken in many cases without the approval of the independent non-executive Directors or other Shareholders and the interests of the Controlling Shareholders may conflict with the interests of the public Shareholders.

### **RISKS RELATING TO THE GAMING INDUSTRY IN MACAU**

**Gaming is a highly regulated industry in Macau, and the gaming and licensing authorities exercise significant control over gaming operations.**

Gaming is a highly regulated industry in Macau. The continuation of our business is contingent upon SJM and the designated gaming promoters maintaining all necessary regulatory licenses, permits, approvals, registrations, findings of suitability, orders and authorizations applicable to them pursuant to Macau laws. Current laws, such as licensing requirements, tax rates and other regulatory obligations, including those for anti-money laundering, could change or become more stringent resulting in additional regulations being imposed upon the gaming operations in the Casinos and other future projects. It may be difficult and costly to comply with any such developments in the regulation of the gaming industry in Macau.

Gaming activities in Macau are subject to administrative review and approval by various agencies of the Macau Government, including the DICJ, the Macau Health Services Bureau, the Labor Bureau, the Land, Public Works and Transport Bureau of Macau, the Fire Department, the Macau Economic Services Bureau, the Macau Financial Services Bureau, the Institute for Civic and Municipal Affairs, the Monetary Authority of Macau, the Financial Intelligence Bureau of the Macau Government and the Macau Government Tourism Office. We cannot assure you that we, SJM or the designated gaming promoters, as the case may be, will be able to obtain all necessary approvals and licenses, and any failure to do so may materially and adversely affect our business and operations. Macau laws permit redress to the courts with respect to administrative actions. However, such redress is largely untested in relation to gaming regulatory issues.

In September 2009, the Macau Government set a cap on commission payments to gaming promoters, including allowances, of 1.25% of rolling chip volume. This policy, which became effective as at December 2009, limits the ability of a casino operator to attract gaming promoters with competitive commission arrangements. Any failure to comply with these regulations may result in the imposition of liabilities, fines and other penalties and may materially and adversely affect our gaming services business under the SJM Concession. See “—

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Risks Relating to Our Business and Operations — We have limited control over the actions of the gaming promoters but are dependent on their reputation and integrity and rely on them for a material portion of our revenue from Gaming Services.”

In response to incidents of Chinese government officials accumulating large gambling debts in Macau and signals from the Chinese government to increase scrutiny over the illegal flow of money out of China, the Macau Government has taken steps to further monitor VIP gaming in Macau. The DICJ may now increase scrutiny over or approve additional instructions on VIP gaming, which could deter current and potential VIP players from patronizing casinos in Macau, which could adversely affect our business, financial condition and results of operations.

The Macau Government passed smoking control legislation, effective 1 January 2012, which prohibits smoking in casinos, except for designated smoking areas that are separate from the casino areas and occupy not more than 50% of the total gaming floor area. The law requires designated smoking areas to be created and the smoking ban to be implemented by 1 January 2013. The law also requires the maintenance of prescribed air quality standards in casinos and mandatory submission of monthly air quality verification reports to the Macau Health Services Bureau. The smoking areas of the casinos may be reduced or cancelled in the case of and/or fines may be imposed on the concessionaire or sub-concessionaire for (i) breach of the requirements regarding statutory signage of the non-smoking areas; (ii) failure to enforce the prohibition to smoke in non-smoking areas; and/or (iii) failure to comply with the prescribed air quality standards or to submit any monthly air quality verification reports to the Macau Health Services Bureau. The implementation of the smoking ban in 2013 may deter potential gaming patrons who are smokers from frequenting casinos in Macau, which could adversely affect our business, financial condition and results of operations. The reduction of smoking areas that may result from any potential failure to adhere to the aforesaid smoking related requirements may further discourage smoking gaming patrons from visiting the Casinos, which may further affect our business, financial condition and results of operations.

The Macau Government has raised the minimum age required for entrance to casinos in Macau from 18 years of age to 21 years of age, effective from 1 November 2012. Our dealers and other gaming floor workers may be subject to the same minimum age policy. While the law allows current employees under 21 years of age to maintain their positions while in the process of reaching the minimum required age and the DICJ may authorize persons under 21 years of age to temporarily enter casinos on a case-by-case basis, this minimum age policy could adversely affect our ability to engage sufficient staff for the operation of our gaming services business. See “— Risks Relating to Our Business and Operations — The success of our business may depend on our ability to attract and retain a sufficient number of qualified personnel. A limited labor supply and increased competition could cause labor costs to increase and limit our ability to expand.”

The locations and number of gaming tables in Macau are subject to the DICJ’s approval and inspection on an annual basis. In March 2010, the Macau Government announced a policy capping the number of gaming tables operating in Macau at 5,500 until the end of the first quarter of 2013, and may not lift the cap thereafter. According to the DICJ, the number of gaming tables in Macau as at 31 December 2012 was 5,485. In September 2011, the Macau Government announced that for a period of 10 years from 2014, the total number of gaming



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tables to be authorized in Macau will be limited to an annual increase of 3%. While these restrictions are of a non-statutory nature and different policies, including on the annual increase rate in the number of gaming tables, may be adopted at any time by the relevant Macau Government authorities, such policies capping the number of gaming tables may adversely affect the future expansion of our business. See “— Risks Relating to Our Business and Operations — We may not be permitted to increase the number of gaming tables in our properties.”

The chips used in the Casinos are supplied by SJM. If the Macau Government caps the total number of chips issuable or in circulation, SJM may not be able or willing to supply the Casinos with an adequate number of chips, which could adversely impact our gaming services business.

There are limited precedents interpreting and applying Macau laws and regulations concerning gaming and concessions. These laws and regulations are complex, and a court or administrative or regulatory body may in the future render an interpretation of these laws and regulations that differs from our interpretation or issue new or modified regulations that apply to us, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, while the Macau Government has approved and authorized the Service Agreement under which we provide Gaming Services, if the Macau Government requires us and SJM to make amendments to the Service Agreement pursuant to any new or modified regulations, we may incur substantial compliance costs, which could materially and adversely affect our business, financial condition and results of operations.

The Macau Government may authorize any number of gaming operators or gaming service providers to gaming operators in Macau at its discretion. A grant of a new concession or subconcession, or authorizations of service agreements similar to ours, may intensify the competition we already face in the local market. See “— Risks Relating to Our Business and Operations — We face intense competition in Macau and elsewhere in Asia.”

**Restrictions on travel to Macau, an outbreak of infectious diseases, natural disasters and other travel disruptions could reduce the number of visitors to our properties and adversely affect our business and results of operations.**

As most of our patrons travel to reach our properties, the strength and profitability of our business depend on the ability of our patrons to travel. Only a small percentage of our business is generated by local residents in Macau. VIP players and mass market players typically come from nearby destinations in Asia, including mainland China, Hong Kong, Taiwan, Singapore, the Philippines, South Korea and Japan. Given the number of VIP and other patrons that are visitors to Macau, in particular from mainland China, and the revenue they generate for our business, we would expect that barriers to or restrictions on entry into Macau from abroad would have a material adverse impact on our business. For example, in May and July 2008, the PRC government readjusted its visa policy towards Macau and limited the number of visits that some mainland Chinese citizens may make to Macau in a given time period. In September 2008, it was publicly announced that mainland Chinese citizens with a Hong Kong visa (but not a Macau visa) could no longer enter Macau from Hong Kong. In addition, in May 2009, China also began to restrict the operation of “below-cost” tour groups involving low up-front payments and

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compulsory shopping, which were popular among visitors to Macau from mainland China. It is unclear whether these and other measures will continue to be in effect, or become more restrictive, in the future. These measures have had the effect of reducing the number of visitors to Macau from mainland China. Any reduction in visitors to Macau, as a result of measures such as these, could have a material adverse effect on our business, financial condition, results of operations and cash flow.

Furthermore, past incidents of H1N1 influenza, avian flu and severe acute respiratory syndrome in the region have had a negative impact on people's willingness and ability to travel to or within the region, including Macau, as well as a negative impact on economic activity within the region. A future outbreak of a highly infectious disease or fears concerning such an outbreak could potentially reduce the number of visitors to Macau. An outbreak might also disrupt our ability to adequately staff our business and could disrupt our operations. If any of our patrons or employees is suspected of having contracted certain highly contagious diseases, we may be required to quarantine these patrons or employees or close the affected areas of our facilities and temporarily suspend part or all of our operations. Any new outbreak of such highly infectious diseases could thus have a material adverse effect on our business, financial condition, results of operations and cash flow.

In addition, natural disasters, inclement weather, acts of terrorism or regional political events could have a negative impact on international travel and leisure expenditures, including for lodging, gaming and tourism. We cannot predict the extent to which travel disruptions as a result of any such events would adversely affect our business, financial condition, results of operations and cash flow. For example, Macau is susceptible to severe typhoons, and a major typhoon or other natural disaster in Macau could severely disrupt our business and adversely affect our results of operations.

### **Conducting business in Macau involves certain economic and political risks.**

All of our business operations are in Macau. Conducting business in Macau involves certain risks not typically associated with investments in companies with operations outside of Macau, including risks relating to changes in Macau's and China's political, economic and social conditions, changes in Macau governmental policies, changes in Macau laws or regulations or their interpretation, changes in exchange control regulations, potential restrictions on foreign investment and repatriation of capital, measures that may be introduced to control inflation, such as interest rate increases, and changes in the rates or method of taxation. In addition, our operations in Macau are exposed to the risk of changes in laws and policies that govern operations of Macau-based companies.

### **Macau's infrastructure may limit the development of its gaming industry.**

Macau is the fastest growing gaming market in the world, with equally increasing demands on the capacity of its transportation infrastructure. To improve Macau's existing transportation infrastructure, the Macau Government has announced a number of infrastructure projects to facilitate travel to and within Macau. These projects, which are in various stages of planning or development, include a further expansion of the Macau International Airport and the ferry terminal in Cotai, construction of a light rail transit system, construction of two new tunnels linking the Macau Peninsula and Taipa, construction of the Hong Kong-Zhuhai-Macau Bridge,

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and improved pedestrian walkways and border crossings. However, we cannot assure you that any of these projects will be approved or completed in a timely fashion or at all or that, if completed, they will be able to alleviate the growing transportation demand associated with the rapid expansion of Macau's gaming industry and the related recent increase in visitor levels to Macau, or that we will secure convenient access to these projects when completed. If Macau fails to adequately address the growing transportation demand, transportation infrastructure problems could limit the number of visitors arriving in Macau which, in turn, could have a material adverse effect on our business, financial condition and results of operations.

### **Local taxation may increase.**

While we do not pay taxes on gaming profits under our arrangement with SJM, our non-gaming profits are subject to the complementary tax. In each of 2010 and 2011, we did not pay any taxes as we were operating at a loss (for tax purposes) due to losses incurred through our non-gaming operations. We cannot assure you that the current range of rates under the complementary tax will remain the same. An increase in tax rates could have a material adverse effect on the business and results of our non-gaming operations.

Moreover, pursuant to Macau tax policy, dividends distributed by any of our Macau subsidiaries to their respective shareholders are subject to the complementary tax at progressive rates up to a maximum of 12% of the estimated assessable profits over MOP300,000. If dividends are paid and the otherwise payable tax is not withheld, the Macau Financial Services Bureau would consider that no dividends were paid and tax the distribution as income of our Company. If the Macau Government decides to amend existing, or adopt different, tax laws, regulations and policies that apply to us, we may incur substantial compliance costs, which could materially and adversely affect our business, financial condition and results of operations.

### **Any fluctuation in the value of the Hong Kong dollar or Pataca may adversely affect our indebtedness, expenses and profitability.**

Although the majority of our revenues are denominated in Hong Kong dollars, our expenses are denominated in both HK dollars and Patacas. Moreover, a significant portion of our indebtedness is denominated in Hong Kong dollars, and the costs associated with servicing and repaying such debt will be denominated in Hong Kong dollars. While the Pataca is linked to the Hong Kong dollar and in many cases the two currencies are used interchangeably in Macau, the exchange linkage of the Hong Kong dollar and Pataca is subject to potential changes due to, among other things, policies of the governments in the PRC, Hong Kong and Macau, as well as international economic and political developments. Any significant fluctuations in the exchange rates between Hong Kong dollars and Patacas may have a material adverse effect on our revenues and financial condition. For example, to the extent that we are required to convert Hong Kong dollar financings into Patacas for our operations, fluctuations in the exchange rates between Hong Kong dollars and Patacas could have an adverse effect on the amounts we receive from the conversion. Further, as our financial information is presented in Hong Kong dollars, to the extent we may need to convert borrowings denominated in foreign currencies to Hong Kong dollars for presentation purposes, fluctuations in the exchange rates could have an adverse effect on the amounts presented in our statements of financial position.

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In addition, we accept foreign currencies from customers at our properties for money exchange and therefore, in addition to HK dollars and Patacas, we hold a nominal amount of other foreign currencies, including Renminbi. We do not have a hedging policy and have not engaged in hedging transactions with respect to foreign exchange exposure of our revenues and expenses in our day-to-day operations.

**China or other countries could impose or adjust government restrictions on currency conversion or the ability to export currency, which could adversely affect our business and results of operations.**

China currently imposes currency exchange controls and restrictions on the export and conversion of the Renminbi, the currency of mainland China. Restrictions on the export of the Renminbi, or other changes to currency exchange controls, may impede the flow of gaming patrons from China to Macau, inhibit the growth of the gaming industry in Macau and negatively impact our business. In addition, currency exchange controls and restrictions on the export of currency by other countries may negatively impact the success of our business and adversely affect our results of operations.

**The current credit environment may limit availability of credit to gaming patrons and may negatively impact our revenue.**

Table gaming activities at the Casinos for VIP patrons are conducted on a credit basis as well as a cash basis. The general economic downturn and turmoil in the financial markets have placed broad limitations on the availability of credit as well as lengthening the recovery cycle of extended credit. Continued tightening of liquidity conditions in credit markets may constrain revenue generation and growth. In particular, due to credit conditions in China, the number of visitors to Macau from China, as well as the amounts they are willing to spend in casinos, may decrease, which could have a material adverse effect on our business, financial condition and results of operations. Credit available to gaming promoters to lend to their customers may also be limited, which could slow the growth of rolling chip volume and negatively impact our business, financial condition and results of operations.

### RISKS RELATING TO THE GLOBAL OFFERING

**If we fail to comply with applicable gaming or other laws, the Stock Exchange could revoke our listing.**

Pursuant to the guidelines issued by the Stock Exchange in relation to “Gambling Activities Undertaken by Listing Applicants and/or Listed Issuers” dated 11 March 2003, if we are engaged in gambling activities and, in the operation of such activities, we (i) fail to comply with the applicable gambling laws in the areas where such activities operate; and/or (ii) contravene the Gambling Ordinance, our business may be considered unsuitable for listing under Rule 8.04 of the Listing Rules. As a result, the Stock Exchange may require us to take remedial actions, and may suspend the dealings in, or may cancel the listing of, our Shares.

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**There has been no prior public market for our Shares, and there can be no assurance that an active market will develop.**

Prior to the Global Offering, there has not been a public market for our Shares. An active public market may not develop or be sustained after the Global Offering. The initial Offer Price range for our Shares was the result of negotiations among the Selling Shareholders, the Joint Bookrunners (on behalf of the Underwriters) and us, and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. We have applied to list and deal in our Shares on the Stock Exchange. However, even if approved, being listed on the Stock Exchange does not guarantee that an active trading market for our Shares will develop. If an active market for our Shares does not develop after the Global Offering, the market price and liquidity of our Shares may be adversely affected. There can be no assurance as to the ability of Shareholders to sell their Shares or the prices at which Shareholders would be able to sell their Shares. Consequently, Shareholders may not be able to sell their Shares at prices equal to or greater than the price paid for their Shares in the Global Offering or at all.

**The liquidity and market price of our Shares following the Global Offering may be volatile.**

The price and trading volume of our Shares may be highly volatile. Factors such as global and PRC economic conditions, variations in our earnings and cash flow and announcements of new developments, expansion, investments, strategic alliances and/or acquisitions, fluctuations in market prices for services or fluctuations in market prices for comparable companies could cause the market price of our Shares to change substantially. Any such developments may result in large and sudden changes in the volume and price at which our Shares will trade. In addition, from time to time, our Shares will likely be subject to changes in price that may not be directly related to our financial or business performance.

**Our Share price may be affected if additional Shares are sold by the substantial shareholders or are issued by us.**

Future sales by our substantial shareholders, the issue of substantial amounts of Shares by our Company, the issue of the Directors' Reward Shares, the exercise of the David Chow Share Options and any options that may be issued pursuant to the Share Option Scheme, following the completion of the Global Offering could adversely affect the market prices of our Shares prevailing from time to time. See "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offer" in this prospectus for details of restrictions that may apply to future sales of our Shares. After these restrictions lapse, future sales of substantial amounts of our Shares in the public market or the possibility of such sales could negatively impact the market price of our Shares and the ability of our Company to raise equity capital in the future. In addition, if we issue additional Shares or share options in the future, purchasers of our Shares may experience further dilution.

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**As the Offer Price is higher than the unaudited pro forma adjusted consolidated net tangible assets per Share, you will experience immediate dilution in the book value of our Shares you purchase in the Global Offering.**

The Offer Price will be higher than the unaudited pro forma adjusted consolidated net tangible assets per Share immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in the unaudited pro forma adjusted consolidated net tangible assets per Share. Immediately following the completion of the Global Offering, the unaudited pro forma adjusted consolidated net tangible assets per Share based on 7,063,134,876 Shares in issue is approximately HK\$1.29 per Share assuming our Offer Price of HK\$2.64 being the mid-point of the Offer Price range stated in this prospectus. If we issue additional Shares or equity-linked securities in the future, including any Directors' Reward Shares or any Shares that may be issued pursuant to the David Chow Share Options or any option that may be granted under the Share Option Scheme, purchasers of our Shares may experience further dilution.

**Facts and other statistics in this prospectus derived from official government publications or news sources may not be reliable.**

Facts and other statistics in this prospectus have been derived from various official government publications and from news sources, such as the websites of the DICJ, the DSEC and the National Bureau of Statistics of China, that we generally believe to be reliable. However, we cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of our or their respective directors, officers, agents, employees, advisors or representatives or any other person or party involved in the Global Offering and no representation is given as to their accuracy.

We have, however, taken reasonable care in the reproduction or extraction of the official government publications for the purpose of disclosure in this prospectus. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, these facts and statistics in this prospectus may be inaccurate or may not be comparable to facts and statistics produced with respect to other economies. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case in other jurisdictions. Therefore, you should not unduly rely on the facts and statistics contained in this prospectus.

**You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering.**

Prior to the publication of this prospectus, there has been press and media coverage regarding us and the Global Offering which included information about the Global Offering, our substantial shareholders, Controlling Shareholders and our Group. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of such press articles or other media. To the extent that any such statements are inconsistent with, or conflict with, the information contained in this

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prospectus, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

### **We may not declare dividends in the future.**

Except as permitted by our Articles, no dividend is payable otherwise than out of our profits or other applicable reserves or, subject to complying with the provisions of our Memorandum and Articles of Association and satisfying a test as to solvency in accordance with the Cayman Companies Law, our share premium account. Further, our operating subsidiaries in Macau cannot pay dividends other than from profits. While we have distributed dividends in the past pursuant to the 2006 Syndicated Investment Agreement on 5 June 2013, see “History, Reorganization and Corporate Structure — Our History and Development — The 2006 Syndicated Investment Agreement” and “Financial Information — Recent Developments — Dividend Distribution Prior to Listing,” future dividends may not be declared or paid. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors depending on, among others, our earnings, capital requirements, overall financial position, our constitutional documents, applicable law, and other relevant factors.

### **We are a holding company and our ability to pay dividends is dependent upon the earnings of, and distributions by, our subsidiaries.**

We are a holding company. Our principal assets will, at the completion of the Global Offering, consist of our equity holdings in our various subsidiaries. See “History, Reorganization and Corporate Structure — Our Group Companies and Principal Business Activities.” All of our business operations are conducted through our subsidiaries. Our ability to pay dividends is dependent upon the earnings of our subsidiaries and their distribution of funds to us, primarily in the form of dividends. The ability of our subsidiaries to make distributions to us depends on their distributable earnings (as determined in accordance with the applicable law of the place of incorporation of the relevant subsidiaries), cash flow conditions, restrictions on distributions contained in their articles of association, restrictions contained in their debt instruments, and other arrangements. These restrictions could reduce the amount of distributions that we receive from our subsidiaries, which in turn would restrict our ability to fund group operations and pay dividends on the Offer Shares.