

## CONNECTED TRANSACTIONS

We have entered into eight transactions with some of our connected persons (the “**Connected Parties**”) which will continue after the Listing, thereby constituting continuing connected transactions for our Company under the Listing Rules. Seven of these continuing connected transactions are subject to the reporting, announcement and annual review requirements, but exempt from independent shareholders’ approval requirements under Rule 14A.34 of the Listing Rules. The remaining transaction is subject to the reporting, announcement, annual review and independent shareholders’ approval requirements. Details of the transactions are set out below.

### OUR CONNECTED PARTIES

Following the Listing and under Chapter 14A of the Listing Rules, our connected persons include (i) our Directors (of which David Chow and Lam Fong Ngo are also indirect substantial shareholders of the Company); (ii) Melinda Chan and Li Chi Keung, by virtue of them being former directors of the Company or its subsidiaries within the preceding 12 months from the Listing Date (of which Li Chi Keung is also an indirect substantial shareholder); (iii) Ina Chan, by virtue of her being a substantial shareholder of the Company; and (iv) the associates of each of the aforementioned parties (as defined in the Listing Rules).

### CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM THE INDEPENDENT SHAREHOLDERS’ APPROVAL REQUIREMENTS

We have entered into the following continuing connected transactions which include leases, services and products provided to us by our Connected Parties, all of which are subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders’ approval requirements under Rule 14A.34 of the Listing Rules:

<u>Our connected parties</u>	<u>Shareholders of our connected parties</u>	<u>Nature of transactions</u>	<u>Historical figures (For the years ended 31 December 2010, 2011 and 2012)</u>	<u>Annual caps (For the years ending 31 December 2013, 2014 and 2015)</u>
(in thousands of HK\$)				
Beijing Hua Hai Jin Bao Real Estate Development Co. Ltd. (北京華海金寶房地產開發有限公司) . . . . .	• David Chow	Beijing Hua Hai Jin Bao Real Estate Development Co. Ltd. rented out convention venues and premises and provided event management services to our Group for organizing corporate and industry events in Beijing	2010: \$1,340 2011: \$1,715 2012: \$1,413	2013: \$500 2014: \$3,000 2015: \$3,000
Amigo Travel (Macau) Ltd. . . . .	• Tang Lai long (mother of Melinda Chan) • Emiko Mito Pinto Marques (independent third party)	Amigo Travel (Macau) Ltd. provided our Group with traveling services including ticketing services for ferries and other transportation to support our business traveling activities	2010: \$1,499 2011: \$1,490 2012: \$2,232	2013: \$2,700 2014: \$3,300 2015: \$3,900

## CONNECTED TRANSACTIONS

Our connected parties	Shareholders of our connected parties	Nature of transactions	Historical figures (For the years ended 31 December 2010, 2011 and 2012)	Annual caps (For the years ending 31 December 2013, 2014 and 2015)
(in thousands of HK\$)				
Macau Landmark Management Limited	<ul style="list-style-type: none"> <li>• David Chow</li> <li>• Li Chi Keung</li> <li>• Lam Fong Ngo</li> </ul>	Macau Landmark Management Limited leased certain office premises at The Landmark Macau to our Group	2010: \$1,783 2011: \$2,109 2012: \$3,075	2013: \$4,200 2014: \$4,300 2015: \$4,300
Various associates of David Chow and Melinda Chan . . . . .		Service and supplies procurement	2010: \$46,302 2011: \$48,354 2012: \$51,613	2013: \$61,000 2014: \$69,000 2015: \$74,000
<i>Ou Kei Cleaning Services Limited.</i>	<ul style="list-style-type: none"> <li>• <i>Tang Lai long (mother of Melinda Chan)</i></li> <li>• <i>Chan Kin leng, Kwan Sun Yin, Leong Chi Chui and Kuok Tong Peng (each an independent third party)</i></li> </ul>	<i>Ou Kei Cleaning Services Ltd. provided cleaning services for our hotel and gaming operations</i>		
<i>On Kei Management Services Company Ltd. . .</i>	<ul style="list-style-type: none"> <li>• <i>Tang Lai long (mother of Melinda Chan)</i></li> <li>• <i>Chan Kin leng (independent third party)</i></li> </ul>	<i>On Kei Management Services Company Ltd. provided cleaning services for Macau Fisherman's Wharf</i>		
<i>Royal Garden . . . . .</i>	<ul style="list-style-type: none"> <li>• <i>Tang Lai long (mother of Melinda Chan)</i></li> <li>• <i>Mak Kit Wa (independent third party)</i></li> </ul>	<i>Royal Garden provided fruit and flower supplies to meet our catering and decoration needs</i>		
<i>New Legend Club Laundry Company Ltd. . .</i>	<ul style="list-style-type: none"> <li>• <i>Million Up Investments Limited (jointly owned by Melinda Chan and Tang Mun Kong (brother of Melinda Chan))</i></li> <li>• <i>Frederick Yip (independent third party and employee of the Group)</i></li> </ul>	<i>New Legend Club Laundry Company Ltd. provided laundry and cleaning services for our hotel operations</i>		

### Legendale Beijing Hotel Service Agreement

We entered into a framework agreement for the renting of hotel rooms and convention venues and procurement of event management services (“**Legendale Beijing Hotel Service Agreement**”) on 5 June 2013 with Beijing Hua Hai Jin Bao Real Estate Development Co. Ltd. (北京華海金寶房地產開發有限公司) (“**Beijing Hua Hai**”), an associate of David Chow (our Director and substantial shareholder) for an initial term commencing from the Listing Date to 31 December 2015. Unless terminated earlier by any of the parties by giving a three-months’ notice, the Legendale Beijing Hotel Service Agreement is renewable for periods of three years subject to price review.

## CONNECTED TRANSACTIONS

Pursuant to the Legendale Beijing Hotel Service Agreement, we will continue to rent hotel rooms and meeting convention venues and procure event management services from Beijing Hua Hai for organizing corporate and industry events in Beijing after Listing. The rental and service fees shall be determined based on an arm's length negotiation and by reference to prevailing market room rates and prices. The above transactions are and will continue to be entered into within the ordinary and usual course of our business and on normal commercial terms.

For the three years ended 31 December 2010, 2011 and 2012, the total rental and service fees paid by us to Beijing Hua Hai amounted to approximately HK\$1.3 million, HK\$1.7 million and HK\$1.4 million, respectively. The rental and service fees we paid to Beijing Hua Hai remained relatively stable during the Track Record Period as we hosted our annual VIP gaming road show of a similar scale in Beijing in each of the three years during the Track Record Period. The increase of 28.0% in rental and service fees paid to Beijing Hua Hai in 2011 correspond to a greater number of our Casinos' members participating in the road show in 2011.

The annual cap for the Legendale Beijing Hotel Service Agreement for each of the years ending 31 December 2013, 2014 and 2015 is expected to be HK\$0.5 million, HK\$3.0 million and HK\$3.0 million, respectively. The above annual caps were determined with reference to our plans and budgets for hosting various corporate and industry events in Macau and Beijing. According to current plans, our annual VIP gaming road show will be held in Macau in 2013 and in Beijing in both 2014 and 2015. As we expect to focus our marketing efforts in Macau in 2013, the total room and service fees to be paid by us to Beijing Hua Hai are expected to decrease by approximately 64.6% for the year ending 31 December 2013. For each of the years ending 31 December 2014 and 2015, the total rental and service fees expected to be paid to Beijing Hua Hai represent an increase of approximately 500% of the annual cap for 2013 and approximately 112.3% of 2012. Such increases correspond to our plan and budget to double the scale of our annual VIP gaming road show to be conducted in Beijing in 2014 as we are expected to complete the expansion and refurbishment of Babylon Casino and to add approximately 116 gaming tables (representing approximately 79% of the number of gaming tables in our properties as of 31 December 2012) to Babylon Casino by the fourth quarter of 2014; and in 2015 as we are expected to complete the development of the Palace Hotel and to add approximately 117 gaming tables (together with the 116 tables to be added after the refurbishment of Babylon Casino, representing approximately 160% of the number of gaming tables in our properties as of 31 December 2012) to the Palace Hotel by the third quarter of 2015. The increase in the number of gaming tables in our properties is subject to approval by the DICJ.

### **Amigo Travel Service Agreement**

We entered into a framework agreement for the procurement of traveling, ticketing and transportation services ("**Amigo Travel Service Agreement**") on 5 June 2013 with Amigo Travel (Macau) Ltd. ("**Amigo Travel**"), an associate of both David Chow (our Director and substantial shareholder) and Melinda Chan (our former Director) for an initial term commencing from the Listing Date to 31 December 2015. Unless terminated earlier by any of the parties by giving a three-months' notice, the Amigo Travel Service Agreement is renewable for periods of three years subject to price review.

## CONNECTED TRANSACTIONS

Pursuant to the Amigo Travel Service Agreement, we will continue to procure traveling, ticketing and transportation services from Amigo Travel to support our business traveling needs after Listing. The service fees shall be determined based on an arm's length negotiation and by reference to prevailing market rates. The above transactions are and will continue to be entered into within the ordinary and usual course of our business and on normal commercial terms.

For the three years ended 31 December 2010, 2011 and 2012, the total service fees paid by us to Amigo Travel amounted to approximately HK\$1.5 million, HK\$1.5 million and HK\$2.2 million, respectively. The amount of service fees paid to Amigo Travel in 2012 increased by approximately 49.8% as a result of a one-off promotional event we organized in 2012 when we invited guests from around the world to attend a conference held at The Landmark Macau.

The annual cap for the Amigo Travel Service Agreement for each of the years ending 31 December 2013, 2014 and 2015 is expected to be HK\$2.7 million, HK\$3.3 million and HK\$3.9 million, respectively. The above annual caps were determined based on our projected annual increase of 20% in our traveling expenses, which takes into account our expected rate of inflation of approximately 5% in Macau and our expected increase in promotional efforts and the resulting increased business traveling needs as the Company completes the MFW Redevelopment Project in 2013, 2014 and 2015 in stages. Accordingly, the total service fees to be paid by us to Amigo Travel for each of the years ending 31 December 2013, 2014 and 2015 are expected to increase by approximately 21.0%, 22.2% and 18.2%, respectively, on a year-on-year basis.

### **Macau Landmark Office Rental Agreement**

We entered into a framework agreement for the rental of offices ("**Macau Landmark Office Rental Agreement**") on 5 June 2013 with Macau Landmark Management Limited ("**MLML**"), an associate of David Chow and Lam Fong Ngo (both being our Director and substantial shareholder) and Li Chi Keung (our former Director and substantial shareholder) for an initial term commencing from the Listing Date to 31 December 2015. Unless terminated earlier by any of the parties by giving a three-months' notice, the Macau Landmark Office Rental Agreement is renewable for periods of three years subject to price review.

Pursuant to the Macau Landmark Office Rental Agreement, MLML will continue to lease to us various office premises of a total gross floor area of 27,369 square feet on the 7th, 8th and 21st floors of The Landmark Macau. The rental fees for such offices shall be determined based on an arm's length negotiation and by reference to prevailing market rates. The above transactions are and will continue to be entered into within the ordinary and usual course of our business and on normal commercial terms.

For the three years ended 31 December 2010, 2011 and 2012, the total rental fees paid by us to MLML amounted to approximately HK\$1.8 million, HK\$2.1 million and HK\$3.1 million, respectively. The amounts of rental fees paid during the Track Record Period increased gradually. The premises we rent from MLML increased from 14,154 square feet in 2010 to 27,369 square feet in 2012. In addition, the average rental fees per square meter under our rental arrangements with MLML increased from HK\$10.5 in 2010 to HK\$11.5 in 2012, as a result of the increase in office rental rates in the Macau property market during the corresponding period.

## CONNECTED TRANSACTIONS

The annual cap for the Macau Landmark Office Rental Agreement for each of the years ending 31 December 2013, 2014 and 2015 will be HK\$4.2 million, HK\$4.3 million and HK\$4.3 million, respectively. The above annual caps were determined with reference to the rental fees agreed under the Macau Landmark Office Rental Agreement. In particular, the average rental fees per square meter under the Macau Landmark Office Rental Agreement increased by 17.6% to HK\$13.0 beginning in April 2013 as a result of the increase in office rental rates in the Macau property market in late 2012 and early 2013. Savills Valuation and Professional Services Limited, an independent professional property valuer, has reviewed the rental amounts payable under the Macau Landmark Office Rental Agreement and has formed the opinion that, given the prevailing market conditions, the agreed rental rates under such agreement are no less favorable to the Company than the rental rates available from independent third parties in the market. In addition, 10,118 square meters of premises were leased to MFW Investment in the Track Record Period and the rental fees for such premises for approximately 4.5 months ending 18 May 2012 (the completion of the 2012 MFW Acquisition Agreement), which represent approximately 27.8% of the total rental fees paid by us to MLML in 2012, were not accounted for in the Group's expenses for 2012, but were accounted for in the expenses of MFW Investment prior to the completion of the 2012 MFW Acquisition Agreement. Accordingly, the total rental fees to be paid by us to MLML for each of the years ending 31 December 2013, 2014 and 2015 are expected to increase by approximately 36.6%, 2.4% and nil, respectively, on a year-on-year basis.

### Connected Procurement Agreements

We enter into a number of framework agreements with various associates of David Chow and Melinda Chan (together the "**Connected Suppliers**") for the procurement of various services and supplies required for our operations and administration. These include the Ou Kei Cleaning Services Agreement, the On Kei Management Cleaning Services Agreement, the Royal Garden Supplies Agreement and the NLC Laundry Service Agreement (together, the "**Connected Procurement Agreements**").

For the three years ended 31 December 2010, 2011 and 2012, the aggregate total fees paid by us to the Connected Suppliers amounted to approximately HK\$46.3 million, HK\$48.4 million and HK\$51.6 million, respectively. The amount of supplies and services procured under the Connected Procurement Agreements had increased steadily on an aggregate basis during the Track Record Period.

The aggregate annual caps for the Connected Procurement Agreements for each of the years ending 31 December 2013, 2014 and 2015 will be HK\$61.0 million, HK\$69.0 million and HK\$74.0 million, respectively, which take into account the Group's expansion plans and expected budgets for various operational and administrative expenses for the respective years. For each of the years ending 31 December 2013, 2014 and 2015, the aggregate total fees that are expected to be paid to the Connected Suppliers are expected to increase by approximately 18.2%, 13.1% and 7.2%, respectively, on a year-on-year basis.

## CONNECTED TRANSACTIONS

The details relating to each of the Connected Procurement Agreements, the respective historical trends underlying the steady growth of total fees paid under these agreements during the Track Record Period and the respective expected budgets of total fees payable under these agreements for each of the years ending 31 December 2013, 2014 and 2015, respectively, are more fully described in the following paragraphs:

### ***Ou Kei Cleaning Services Agreement***

We entered into a framework agreement for the procurement of property cleaning services ("**Ou Kei Cleaning Services Agreement**") on 5 June 2013 with Ou Kei Cleaning Services Limited ("**Ou Kei Cleaning**"), an associate of both David Chow (our Director and substantial shareholder) and Melinda Chan (our former Director) for an initial term commencing from the Listing Date to 31 December 2015. Unless terminated earlier by any of the parties by giving a three-months' notice, the Ou Kei Cleaning Services Agreement is renewable for periods of three years subject to price review.

Pursuant to the Ou Kei Cleaning Services Agreement, we will continue to procure cleaning services from Ou Kei Cleaning primarily for The Landmark Macau after Listing. The fees for such cleaning services shall be determined based on an arm's length negotiation and by reference to prevailing market rates. The above transactions are and will continue to be entered into within the ordinary and usual course of our business and on normal commercial terms.

For the three years ended 31 December 2010, 2011 and 2012, the total cleaning service fees paid to Ou Kei Cleaning amounted to approximately HK\$13.1 million, HK\$14.4 million and HK\$15.8 million, respectively. The cleaning service fees paid to Ou Kei Cleaning over the Track Record Period increased gradually over the Track Record Period as the cleaning service fees charged by Ou Kei Cleaning increased gradually over the Track Record Period, the occupancy rates of The Landmark Macau increased from 73.6% in 2010 to 85.3% in 2012 and the number of VIP rooms in The Landmark Macau increased during the Track Record Period to accommodate the increase in the number of VIP tables from 41 in 2010 to 57 in 2012. Accordingly, our need for cleaning services in The Landmark Macau increased over the Track Record Period.

The total fees to be incurred under the Ou Kei Cleaning Services Agreement for each of the years ending 31 December 2013, 2014 and 2015 are expected to amount to approximately HK\$18.0 million, HK\$20.0 million and HK\$22.0 million, respectively. Such estimation was determined based on our projected increase of 10% in cleaning service fees to be charged by Ou Kei Cleaning (which in turn takes into account our expected rate of inflation of approximately 5% in Macau) and the increase in the number of VIP rooms in The Landmark Macau after the completion of the renovation of The Landmark Macau. Accordingly, the total cleaning service fees to be incurred by us to Ou Kei Cleaning for each of the years ending 31 December 2013, 2014 and 2015 are expected to increase by approximately 13.9%, 11.1% and 10.0%, respectively, on a year-on-year basis.

## CONNECTED TRANSACTIONS

### ***On Kei Management Cleaning Services Agreement***

We entered into a framework agreement for the procurement of property cleaning services ("**On Kei Management Cleaning Services Agreement**") on 5 June 2013 with On Kei Management Services Company Ltd. ("**On Kei Management**"), an associate of David Chow (our Director and substantial shareholder) and Melinda Chan (a former Director) for an initial term commencing from the Listing Date to 31 December 2015. Unless terminated earlier by any of the parties by giving a three-months' notice, the On Kei Management Cleaning Services Agreement is renewable for periods of three years subject to price review.

Pursuant to the On Kei Management Cleaning Services Agreement, we will continue to procure cleaning services from On Kei Management primarily for Macau Fisherman's Wharf after Listing. The fees for such cleaning services shall be determined based on an arm's length negotiation and by reference to prevailing market rates. The above transactions are and will continue to be entered into within the ordinary and usual course of our business and on normal commercial terms.

For the three years ended 31 December 2010, 2011 and 2012, the cleaning service fees paid by us to On Kei Management amounted to approximately HK\$17.6 million, HK\$16.6 million and HK\$16.2 million, respectively. The cleaning service fees paid to On Kei Management decreased in 2011 as a result of our reduction of operation scale in Macau Fisherman's Wharf in anticipation of its planned redevelopment.

The total fees to be incurred under the On Kei Management Cleaning Services Agreement for each of the years ending 31 December 2013, 2014 and 2015 are expected to amount to approximately HK\$18.0 million, HK\$20.0 million and HK\$22.0 million, respectively. Such estimation was determined based on our projected increase of 10% in cleaning service fees to be charged by On Kei Management (which in turn takes into account our expected rate of inflation of approximately 5% in Macau) and the expected increase of our cleaning needs in Macau Fisherman's Wharf as a result of the various construction work under the MFW Redevelopment Project in 2013, 2014 and 2015. Accordingly, the total cleaning service fees to be incurred by us to On Kei Management for each of the years ending 31 December 2013, 2014 and 2015 are expected to increase by approximately 11.1%, 11.1% and 10.0%, respectively, on a year-on-year basis.

### ***Royal Garden Supplies Agreement***

We entered into a framework agreement for the procurement of fruit and flower supplies ("**Royal Garden Supplies Agreement**") on 5 June 2013 with Royal Garden, an associate of both David Chow (our Director and substantial shareholder) and Melinda Chan (our former Director) for an initial term commencing from the Listing Date to 31 December 2015. Unless terminated earlier by any of the parties by giving a three-months' notice, the Royal Garden Supplies Agreement is renewable for periods of three years subject to price review.

## CONNECTED TRANSACTIONS

Pursuant to the Royal Garden Supplies Agreement, we will continue to procure from Royal Garden fruits and related supplies for our catering operations and flowers for our hotel decoration. The purchase price of such supplies shall be determined based on an arm's length negotiation and by reference to prevailing market rates. The above transactions are and will continue to be entered into within the ordinary and usual course of our business and on normal commercial terms.

For the three years ended 31 December 2010, 2011 and 2012, the total service fees paid by us to Royal Garden amounted to approximately HK\$8.8 million, HK\$8.8 million and HK\$9.1 million, respectively. The amount of supplies under the Royal Garden Supplies Agreement had generally remained stable during the Track Record Period.

The total fees to be incurred under the Royal Garden Supplies Agreement for each of the years ending 31 December 2013, 2014 and 2015 are expected to amount to approximately HK\$13.0 million, HK\$16.0 million and HK\$17.0 million, respectively. Such estimation takes into account the expected completion of the renovation of The Landmark Macau and the resumption of operation of the remodeled restaurants in 2013, and our projected annual increase of 10% in our food and beverage consumption in 2014 and 2015, respectively, as a result of our stepped up marketing efforts and our projected increased visitation to our properties. Accordingly, the total purchase amounts to be incurred by us to Royal Garden for each of the years ending 31 December 2013, 2014 and 2015 are expected to increase by approximately 43.5%, 23.1% and 6.3%, respectively, on a year-on-year basis.

### ***NLC Laundry Service Agreement***

We entered into a framework agreement for the procurement of laundry and cleaning services ("**NLC Laundry Service Agreement**") on 5 June 2013 with New Legend Club Laundry Company Ltd. ("**NLC Laundry**"), an associate of Melinda Chan (our former Director), for an initial term commencing from the Listing Date to 31 December 2015. Unless terminated earlier by any of the parties by giving a three-months' notice, the NLC Laundry Service Agreement is renewable for periods of three years subject to price review.

Pursuant to the NLC Laundry Service Agreement, we will continue to procure from NLC laundry and cleaning services for our premises in The Landmark Macau and Macau Fisherman's Wharf upon Listing. The fees for such laundry services shall be determined based on an arm's length negotiation and by reference to prevailing market fees. The above transactions are and will continue to be entered into within the ordinary and usual course of our business and on normal commercial terms.

For the three years ended 31 December 2010, 2011 and 2012, the total laundry and cleaning service fees paid by us to NLC Laundry amounted to approximately HK\$6.8 million, HK\$8.5 million and HK\$10.6 million, respectively. The laundry and cleaning service fees paid by us increased gradually over the Track Record Period as the laundry service fees charged by NLC Cleaning increased gradually over the Track Record Period, and the occupancy rates of The Landmark Macau and Rocks Hotel increased from 73.6% and 70.5% in 2010 to 85.3% and 75.1% in 2012, respectively. Our needs for laundry and cleaning services therefore increased over the Track Record Period.



## CONNECTED TRANSACTIONS

The total fees to be incurred under the NCL Laundry Service Agreement for each of the years ending 31 December 2013, 2014 and 2015 are expected to amount to approximately HK\$12.0 million, HK\$13.0 million and HK\$13.0 million, respectively. Such estimation was determined based on our projected increase per annum in occupancy rate in Rocks Hotel in 2013 and 2014, respectively, as a result of our stepped up marketing efforts, our projected increased visitation to our properties and the project completion of part of the MFW Redevelopment Project. Accordingly, the total laundry and cleaning service fees to be incurred by us to NLC Laundry for the years ending 31 December 2013, 2014 and 2015 are expected to increase by approximately 13.2%, 8.3% and nil, respectively, on a year-on-year basis.

### CONTINUING CONNECTED TRANSACTION WHICH IS SUBJECT TO THE REPORTING, ANNOUNCEMENT, ANNUAL REVIEW AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

Our Connected Parties	Shareholders of Our Connected Parties	Nature of transactions	Historical figures (For the years ended 31 December 2010, 2011 and 2012)	Annual caps (For the years ending 31 December 2013, 2014 and 2015)
(in thousands of HK\$)				
Chong Son Construction Company Ltd. . . . .	<ul style="list-style-type: none"> <li>• Tang Lai Ng</li> <li>• Tang Mun Kong (each an associate of Melinda Chan and David Chow)</li> </ul>	Chong Son Construction Company Ltd. provided construction and renovation services for The Landmark Macau and Macau Fisherman's Wharf	2010: \$14,236 2011: \$20,580 2012: \$1,096	2013: \$210,000 2014: \$42,000 2015: \$2,000

#### Chong Son Construction Services Agreement

We entered into a framework agreement for the procurement of construction and renovation work ("**Chong Son Construction Services Agreement**") on 5 June 2013 with Chong Son Construction Company Ltd ("**Chong Son**"), an associate of both David Chow (our Director and substantial shareholder) and Melinda Chan (our former Director) for an initial term commencing from the Listing Date to 31 December 2015. Unless terminated earlier by any of the parties by giving a three-months' notice, the Chong Son Construction Services Agreement is renewable for periods of three years subject to price review.

Pursuant to the Chong Son Construction Services Agreement, we will continue to procure construction and renovation work from Chong Son for The Landmark Macau and Macau Fisherman's Wharf after Listing. The fees for such construction and renovation services shall be determined based on an arm's length negotiation and by reference to prevailing market rates. The above transactions are and will continue to be entered into within the ordinary and usual course of our business and on normal commercial terms.

For the three years ended 31 December 2010, 2011 and 2012, the total construction fees paid to Chong Son amounted to approximately HK\$14.2 million, HK\$20.6 million and HK\$1.1 million, respectively. The construction and renovation fees paid by us to Chong Son over the Track Record Period fluctuated as we undertook different renovation and construction projects of different scale in the relevant years.

## CONNECTED TRANSACTIONS

The annual cap for the Chong Son Construction Services Agreement for each of the years ending 31 December 2013, 2014 and 2015 is expected to be HK\$210.0 million, HK\$42.0 million and HK\$2.0 million, respectively. The above annual caps fluctuated significantly and were determined based on our projected annual increase of 20% in our capital expenditure for maintenance (which in turn takes into account our expected rate of inflation of approximately 5% in Macau) and our engagement of Chong Son for part of the renovation work of The Landmark Macau with a contract price of approximately HK\$240 million that is scheduled to be delivered by the end of 2013 and early 2014.

### LISTING RULES IMPLICATIONS APPLICATION FOR WAIVERS

#### The Non-Aggregation Approach

Based on reasons set forth below, our Directors (including our independent non-executive Directors) are of the view that the Legendale Beijing Hotel Service Agreement, the Amigo Travel Service Agreement and the Macau Landmark Office Rental Agreement shall not be aggregated with each other or with any of the Connected Procurement Agreements and the Chong Son Construction Services Agreement pursuant to Rules 14A.25 and 14A.26 of the Listing Rules:

- Beijing Hua Hai and Amigo Travel are managed separately. David Chow does not have any management roles in the latter which is managed and controlled by Tang Lai long, mother of Melinda Chan. In addition, the traveling services to be provided under Amigo Travel Service Agreement are different from those convention management services to be provided under Legendale Beijing Hotel Service Agreement, and are categorically different from those procurement transactions under the Connected Procurement Agreements or the construction related transactions under the Chong Son Construction Services Agreement; and
- MLML is jointly owned and controlled by David Chow, Li Chi Keung and Lam Fong Ngo. Melinda Chan and her associates, including Tang Lai long, do not manage or control MLML. In addition, the lease arrangements pursuant to the Macau Landmark Office Rental Agreement are of a nature that differs significantly from the procurement transactions under the Connected Procurement Agreements, the convention management services transactions under the Legendale Beijing Hotel Service Agreement, the traveling services under the Amigo Travel Service Agreement or the construction related transactions under the Chong Son Construction Services Agreement.
- it is in the best interest of the Shareholders as a whole that an annual cap be imposed on each of the aforementioned connected transactions so that each of the connected transactions is monitored, reported and announced on a separate basis, and where relevant, be subject to independent shareholders' approval requirements under the Listing Rules.

## CONNECTED TRANSACTIONS

### **Continuing Connected Transactions Other Than the Chong Son Construction Services Agreement**

Based on the annual caps of each of the Legendale Beijing Hotel Service Agreement, the Amigo Travel Service Agreement and the Macau Landmark Office Rental Agreement and aggregate annual caps of the Connected Procurement Agreements set out above, the applicable percentage ratios of each of these transactions under the Listing Rules will exceed 0.1% but be less than 5%. Accordingly, each of the non-exempt continuing connected transactions will constitute a continuing connected transaction subject to the reporting, announcement and annual review, but exempt from independent shareholders' approval requirements under Rule 14A.48 of the Listing Rules.

In respect of each of the above non-exempt continuing connected transactions (other than the Chong Son Construction Services Agreement), we have applied to the Stock Exchange, and the Stock Exchange has agreed, to grant a waiver under Rule 14A.42(3) of the Listing Rules from strict compliance with the announcement requirements under Rule 14A.47 of the Listing Rules. We will comply with the relevant requirements of Chapter 14A of the Listing Rules, including Rules 14A.35(1), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Listing Rules, after Listing.

### **Chong Son Construction Services Agreement**

Based on the annual caps of the Chong Son Construction Services Agreement, the applicable percentage ratios of this transaction under the Listing Rules will exceed 5% and the total consideration will exceed HK\$10,000,000. Accordingly, the Chong Son Construction Services Agreement will constitute continuing connected transaction 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.

In respect of the Chong Son Construction Services Agreement, we have applied to the Stock Exchange, and the Stock Exchange has agreed, to grant a waiver under Rule 14A.42(3) of the Listing Rules from strict compliance with the announcement and independent shareholders' approval requirements under Rules 14A.47 and 14A.48 of the Listing Rules. We will comply with the relevant requirements of Chapter 14A of the Listing Rules, including Rules 14A.35, 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Listing Rules, after Listing.

## CONNECTED TRANSACTIONS

### CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that:

- each of the non-exempt continuing connected transactions have been entered into in the ordinary and usual course of our business, are on normal commercial terms, are fair and reasonable and in the interests of our Company and the Shareholders as a whole, and that the proposed annual caps of each of the Legendale Beijing Hotel Service Agreement, the Amigo Travel Service Agreement, the Macau Landmark Office Rental Agreement and the Chong Son Construction Services Agreement and the aggregate annual caps of the Connected Procurement Agreements are fair and reasonable;
- as far as they are aware, each of the aforementioned connected persons with which we are expected to engage in connected transactions after Listing provides similar services and/or products to independent third party customers on comparable terms that are no more favorable than those offered to our Group; and
- the services, supplies or leases provided to us by each of the aforementioned connected persons are widely available in the market and may be readily replaced with similar services, supplies and properties available in the market should we fail to renew any of the aforementioned connected transaction agreements.

### CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor is of the view that each of the non-exempt continuing connected transactions described above have been entered into in the ordinary and usual course of our business, are on normal commercial terms, are fair and reasonable and in the interests of our Company and the Shareholders as a whole, and that the proposed annual caps of each of the Legendale Beijing Hotel Service Agreement, the Amigo Travel Service Agreement, the Macau Landmark Office Rental Agreement and the Chong Son Construction Services Agreement and the aggregate annual caps of the Connected Procurement Agreements are also fair and reasonable and in the interests of the Shareholders as a whole.