

RISK FACTORS

Risks Relating to Our On-going Operations

Our existing debt has substantial near term maturities and we may not be able to refinance such debt.

On May 25, 2006, our indirect subsidiaries, VML US Finance LLC (the "Borrower") and VML, as guarantor, entered into a credit agreement (the "Macau Credit Facility") to finance certain of our development projects. The Macau Credit Facility consists of three tranches:

Tranche	Description of Loans Included in the Tranche	Aggregate Outstanding Amount as of June 30, 2009	Scheduled Quarterly Principal Payments
(1) "Term B Loans"	(i) the delayed draw term B loans due 2012 (the "Delayed Draw Term B Loans")	US\$698.3 million	US\$1.75 million per quarter commencing June 2009 the remainder of the loans will be payable in four equal quarterly installments beginning on September 30, 2011 with the fourth and final payment on May 25, 2012
	(ii) the funded term B loans due 2013 (the "Funded Term B Loans")	US\$1,795.5 million	US\$4.5 million per quarter commencing June 2009 the remainder of the loans will be payable in four equal quarterly installments beginning on September 30, 2012 with the fourth and final payment on May 23, 2013
(2) "Local Term Loans"	the funded local currency term loans due 2011	US\$94.3 million	US\$6.25 million per quarter commencing June 2009
(3) "Revolving Loans"	the revolving loans due 2011	US\$570.3 million	Not applicable

In addition, in October 2009, we began making scheduled principal payments equal to approximately US\$8.8 million per quarter under our HK\$1,770.6 million (approximately US\$228.5 million) credit facility to finance the purchase of 14 ferries (the "Ferry Financing Facility"). See "Financial Information—Description of Material Indebtedness."

The total aggregate balance of the Macau Credit Facility and the Ferry Financing Facility as of June 30, 2009 and as of the Latest Practicable Date was US\$3,387.0 million and US\$[●] million, respectively. If financial conditions do not improve and we are unable to generate sufficient cash to service or repay these and our other debt obligations in addition to funding our working capital and our planned development projects, we may have to seek refinancing for such indebtedness. Options for refinancing may be unavailable, or available on different or less favorable terms than we have historically received.

We have pledged a substantial portion of our fixed assets to secure the Macau Credit Facility and the Ferry Financing Facility. These pledged assets represent substantially all of our revenues and profits. We pledged buildings; building, land and leasehold improvements; furniture, fixtures and equipment; and construction in progress with total net book values of US\$1,453.6 million, US\$1,419.6 million, US\$340.8 million and US\$335.0 million, respectively, as of June 30, 2009, to secure the obligations under the Macau Credit Facility; and 14 ferries with a total net book value of US\$239.5 million as of June 30, 2009, to secure the obligations under the Ferry Financing Facility. The assets used to secure the Macau Credit Facility are owned by certain Group companies, principally VML and VCL, whose primary business operations are gaming and other related activities; and hotel, restaurants, shopping mall and conference and convention services, respectively.

As a result of the pledge of the assets outlined above, our ability to provide additional collateral for any refinancing is limited. Our inability to refinance our debt obligations as they become due may require us to divert a significant portion of our cash flow from operations to the payment of principal and interest on our indebtedness, which would reduce the funds available for our operations and future development projects.

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In the absence of sufficient operating results and refinancing options, we could face substantial liquidity problems and may be required to dispose of material assets or operations to meet our debt and other obligations. We may not be able to consummate these dispositions at fair market value or at all. Furthermore, any proceeds that we could realize from any dispositions may not be adequate to meet our debt obligations then due. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, or interest on our existing indebtedness, we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the creditors of such indebtedness could elect to declare all the funds borrowed thereunder to be immediately due and payable, together with accrued and unpaid interest, and institute foreclosure proceedings against our assets, which could force us into bankruptcy or liquidation.

Recent disruptions in the financial markets could adversely affect our ability to refinance existing obligations or raise additional financing. Should general economic and capital market conditions not improve, should we be unable to obtain sufficient funding such that completion of our suspended projects is not feasible, or should management decide to abandon certain projects, all or a portion of our investment to date on our suspended projects could be lost.

Widely documented disruptions in the global financial markets have resulted in a tightening of credit markets worldwide, including in the Asia Pacific region. Liquidity in the global and regional credit markets has been severely contracted by these market disruptions, making it difficult and costly to refinance existing obligations or raise additional financing. The effects of these disruptions are widespread and difficult to quantify, and it is impossible to predict when the global and regional credit markets will improve or when the credit contraction will stop. In particular, our ability to fund our suspended projects is dependent upon the completion of additional financings. As of June 30, 2009, our net current liabilities amounted to US\$1,282.0 million (HK\$9,935.2 million) of which US\$1,233.8 million (HK\$9,562.2 million) were payables to related companies that will be repaid by or extinguished upon completion of [●]. Given the state of the current credit environment, it may be difficult to obtain additional financing on acceptable terms or at all, which would prevent us from completing our suspended development projects and have an adverse effect on our results of operations and business plans. See also "—Our existing debt has substantial near term maturities and we may not be able to refinance such debt." In large part due to the general weakening of the global economy and increased financial instability of many borrowers, some of our lenders suffered losses relating to their lending and other financial dealings. In particular, Lehman Commercial Paper Inc., a lender under the Macau Credit Facility, contacted us last year and informed us of its inability to fund any future requested drawdowns of Revolving Loans, including the undrawn amount of US\$6.6 million of its total US\$15.4 million Revolving Loans commitment under the Macau Credit Facility. If additional lenders under our credit facilities become insolvent, we may also experience difficulty borrowing under the revolving portions of our existing credit facilities in the future. Our business, financial condition, results of operations and cash flows could be materially and adversely affected if we are unable to make drawdowns under these facilities because of a lender default.

If general economic conditions do not improve, we are unable to obtain sufficient funding to complete our suspended projects in a feasible manner, or if management decides to abandon certain projects, all or a portion of our investment to date on our suspended projects could be lost and would result in an impairment charge. See "Business—Our Development Projects." The occurrence of any of the above events could have a material adverse effect on our business, financial condition, results of operations and cash flows.

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Certain events relating to our Controlling Shareholders may trigger an event of default under our Macau Credit Facility.

Our Macau Credit Facility sets forth several events relating to our Controlling Shareholder, LVS, and Mr. Sheldon Adelson's ownership in LVS, which would constitute an event of default. Specifically, the following events could constitute an event of default under our Macau Credit Facility:

- any involuntary bankruptcy proceeding filed against LVS or entry of a decree or order for the appointment of a receiver, liquidator, sequestrator, trustee, custodian, conservator or other similar officer;
- any voluntary bankruptcy proceeding filed by LVS or upon 30 days after LVS is unable, fails generally to, or admits in writing that it is unable to, pay its debts as such debts become due;
- if LVS contests in writing the validity or enforceability of the sponsor agreement executed simultaneously with the Macau Credit Facility in which, among other things, LVS agrees to ensure that it and each of its subsidiaries comply with all obligations and requirements under the Subconcession Contract and the related land concession contracts;
- if LVS breaches any of its material obligations under the sponsor agreement, see "Financial Information—Description of Material Indebtedness—Macau Credit Facility" for a detailed discussion of the sponsor agreement; or
- a change of control that occurs when: (a) LVS ceases to directly or indirectly own at least 50.1% of our Shares, subject to the usufruct agreement and mandatory minority shareholder requirements in Macau; (b) Mr. Sheldon Adelson and his affiliates or related parties cease to beneficially own at least 35.0% of the voting securities of LVS; (c) any person or group of related persons beneficially own a greater percentage of the voting securities of LVS than Mr. Sheldon Adelson and/or his affiliates and related parties; or (d) a change of control occurs under instruments of indebtedness of LVS, Las Vegas Sands, LLC or Venetian Casino Resorts, LLC in excess of US\$75.0 million.

As of June 30, 2009, Mr. Sheldon Adelson and his affiliates or related parties' ownership interest in LVS amounted to 52.1%. If not cured or waived, the above events could trigger a cross default in the Ferry Financing Facility and result in the acceleration of those and other outstanding debt obligations and the enforcement of security and guarantees given in respect of such obligations. As a result, the occurrence of any of the above events could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our current substantial debt or the incurrence of additional debt to finance our planned development projects could impair our financial condition, results of operations and cash flows.

We have substantial debt service obligations and expect to incur additional debt to finance our planned development projects. As of June 30, 2009, we had approximately US\$3.5 billion (HK\$27.5 billion) of debt outstanding. This substantial indebtedness could have important consequences for us. For example, it could:

- make it more difficult for us to satisfy our debt obligations as they become due;
- increase our vulnerability to general adverse economic and industry conditions;
- impair our ability to obtain additional financing in the future for working capital needs, capital expenditures, development projects, acquisitions or general corporate purposes;
- require us to dedicate a significant portion of our cash flow from operations to the payment of principal and interest on our debt, which would reduce the funds available for our working capital needs and capital expenditures;

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- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- require us to comply with financial and other covenants that impose significant restrictions on our existing and future businesses and operations;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- subject us to higher interest expense in the event of increases in interest rates as a significant portion of our debt is and will continue to be at variable rates of interest.

In addition, as a significant portion of our existing assets have been pledged to secure the Macau Credit Facility and the Ferry Financing Facility, our ability to provide additional collateral for any refinancing is limited. Any of the above could have a material adverse effect on our business, financial condition, results of operations and cash flows.

The terms of our credit agreements may restrict our current and future operations, particularly our ability to finance additional growth or take actions that may otherwise be in our best interests.

Our current credit agreements contain, and any future credit agreements or other debt instruments likely will contain, a number of restrictive covenants that impose significant operating and financial restrictions on us, including restrictions on our ability to:

- incur additional debt, including providing guarantees or other forms of credit support;
- incur liens securing indebtedness or other obligations;
- dispose of business, property or assets;
- make certain acquisitions;
- pay dividends or make distributions and other restricted payments, such as purchasing equity interests, repurchasing junior indebtedness or making investments in third parties;
- enter into sale and leaseback transactions;
- engage in any new businesses that are not related to our existing operations;
- issue preferred stock; and
- enter into certain transactions with our Shareholders and our affiliates.

In addition, our credit agreements contain financial covenants requiring that we satisfy certain financial tests and ratios, including maintaining or satisfying a:

- maximum consolidated leverage ratio;
- minimum consolidated interest coverage ratio; and
- maximum annual capital expenditure test.

Our failure to comply with any of these covenants or to meet our payment obligations could result in an event of default which, if not cured or waived, could trigger a cross default and result in the acceleration of those and other outstanding debt obligations and the enforcement of security and guarantees given in respect of them. We may not have sufficient working capital or liquidity to satisfy our debt obligations in the event of an acceleration of all or a portion of our outstanding obligations, which could force us into bankruptcy or liquidation.

Our business is particularly sensitive to reductions in discretionary consumer spending resulting from downturns in the economy or other factors.

Demand for integrated resorts, trade shows and conventions and for the type of luxury amenities we offer is particularly sensitive to downturns in the global and regional economy and a corresponding

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decrease 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; the current global economic crisis; high energy, fuel and other commodity costs; the cost of travel; the potential for bank failures; a weakening job market; an actual or perceived decrease in disposable consumer income and wealth; fears of recession and changes in consumer confidence in the economy. These factors could reduce consumer demand for the luxury amenities and leisure activities we offer, impose practical limits on pricing and adversely affect our results of operations.

The general global and regional economic slowdown as well as other factors have resulted in a recent decline in the number of visitors to, and gaming revenue in, Macau. According to Macau Government statistics, visitor arrivals to Macau increased by 11.8% in 2008 as compared to visitor arrivals in 2007; however, for the six months ended June 30, 2009, visitation decreased by 11.4% compared to the corresponding period in 2008. Moreover, Macau's total gaming revenue decreased 12.5% in the six months ended June 30, 2009 as compared to the corresponding period in 2008. If these recent trends continue or deteriorate further, our business, financial condition, results of operations and cash flows will be materially and adversely affected.

Our business is sensitive to the willingness or ability of our customers to travel. Acts of terrorism, regional political events, or outbreaks of epidemics or fears concerning such outbreaks could cause severe disruptions in travel and reduce the number of visitors to our facilities.

As most of our customers travel to reach our properties, the strength and profitability of our business depends on the willingness and ability of our customers to travel. Only a small amount of our business is generated by local residents. 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 disruptions in air, ferry or other forms of travel as a result of any acts of terrorism, regional political events, outbreak of hostilities or escalation of war would adversely affect our business, financial condition, results of operations and cash flows. Furthermore, outbreaks of infectious diseases such as swine flu, SARS or avian flu, or fears concerning such outbreaks, could discourage potential customers from traveling and patronizing our integrated resorts. See also "—An outbreak of highly infectious diseases, or fears concerning such an outbreak, could adversely affect the number of visitors to our facilities and disrupt our operations, resulting in a material adverse effect on our business, financial condition, results of operations and cash flows." Any extended period of disruption or decline in travel by air, ferry or land could significantly harm our operations.

Moreover, our VIP players, premium players and mass market players typically come from nearby destinations in Asia, including mainland China, Hong Kong, Taiwan, South Korea and Japan. According to Macau Government statistics, 81.2% of visitors to Macau during 2008 came from mainland China or Hong Kong. We and our competitors have made and intend to continue to make large investments in the construction of new hotels and integrated resorts based, among other things, on projections regarding the number of visitors to Macau, particularly visitors from mainland China. Currently, residents of certain cities within mainland China are only allowed to apply for a visa once every two months, instead of once every two weeks. In addition, residents of mainland China visiting Hong Kong may no longer visit Macau on the same visa, but instead must obtain a separate visa for each entry into Macau. It is unclear whether these measures will continue to be in effect, or become more restrictive, in the future. These measures have the effect of reducing the number of visitors to Macau from mainland China, our primary feeder market. Any reduction in visitors to Macau, as a result of these measures or otherwise, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

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We are dependent upon a single market for all of our current cash flows.

Given that our operations are currently conducted at a limited number of properties in Macau and that our planned future developments are all in Macau, we will continue to be entirely dependent upon properties in Macau for all of our cash flows. The risks to which we will have a greater degree of exposure include the following, among other risks:

- economic, political and competitive conditions in Macau;
- travel restrictions to Macau imposed by mainland China or other countries in Asia;
- inaccessibility to Macau due to inclement weather, road construction 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;
- changes in Macau governmental laws and regulations, including gaming laws 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 or outbreaks of infectious diseases; and
- a significant decline in the number of visitors to Macau.

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

The Macau Government can terminate VML's Subconcession under certain circumstances without compensation to VML, which would have a material adverse effect on our business, financial condition, results of operations and cash flows.

In June 2002, the Macau Government granted one of three concessions to operate casinos and gaming areas in Macau to Galaxy. In December 2002, VML entered into a tripartite Subconcession Contract with Galaxy and the Macau Government. The Subconcession Contract contains various general covenants, obligations and other provisions as to which determination of compliance is subjective. In many of these instances, the Subconcession Contract does not provide a specific cure period within which a breach of any provision of the Subconcession Contract may be cured and, instead, we would rely on consultations and negotiations with the Macau Government to give us an opportunity to remedy any such default. Accordingly, we will be dependent on our continuing communications and good faith negotiations with the Macau Government to ensure that we are performing our obligations in compliance with the Subconcession Contract. Pursuant to VML's Subconcession, the Macau Government has the right, after consultation with Galaxy, to unilaterally terminate VML's Subconcession in the event of serious non-compliance by VML with applicable Macau laws or VML's basic obligations under the Subconcession Contract. Upon termination of VML's Subconcession, all of VML's casino premises and gaming-related equipment would be automatically transferred to the Macau Government without compensation to VML and we would cease to generate any revenues from these operations. For the six months ended June 30, 2009, we derived approximately 87.8% of our total net revenues from VML's gaming operations. We cannot assure you that VML will perform all of its obligations under the Subconcession Contract in a way that satisfies the requirements of the Macau Government. For a more detailed description of these terms, see "The Subconcession."

VML's Subconcession Contract also allows the Macau Government to request various changes in the plans and specifications of our Macau properties and to make various other decisions and determinations that will be binding on us. For example, the Macau Government has the right to require that we increase the share capital of our Macau subsidiaries or that we provide certain deposits or

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other guarantees of performance in any amount determined by the Macau Government to be necessary. Our ability to raise additional financing is subject to the requirement to first obtain the approval of the Macau gaming and governmental authorities before raising additional debt or equity. As a result, we cannot assure you that we will be able to comply with these requirements or any other requirements of the Macau Government or with the other requirements and obligations imposed by VML's Subconcession.

Furthermore, under the Subconcession Contract, VML is obligated to comply with any laws and regulations that the Macau Government might promulgate in the future. We cannot assure you that VML will be able to comply with these laws and regulations or that these laws and regulations would not adversely affect our ability to construct or operate our Macau properties. If any disagreement arises between VML and the Macau Government regarding the interpretation of, or our compliance with, a provision of the Subconcession Contract, we will be relying on the consultation process with the applicable Macau governmental agency described above. During any consultation, we will be obligated to comply with the terms of the Subconcession Contract, as interpreted by the Macau Government.

Currently, there is no precedent concerning how the Macau Government will treat the termination of a concession or subconcession upon the occurrence of any of the circumstances mentioned above. The loss of VML's Subconcession would prohibit us from conducting gaming operations in Macau, which would have a material adverse effect on our business, financial condition, results of operations and cash flows.

We will stop generating any revenues from our Macau gaming operations if we cannot secure an extension of VML's Subconcession in 2022 or if the Macau Government exercises its redemption right.

VML's Subconcession Contract expires on June 26, 2022. Unless VML's Subconcession is extended, or legislation with regard to reversion of casino premises is amended, all of VML's casino premises and gaming-related equipment will be automatically transferred to the Macau Government on that date without compensation to us, and we will cease to generate any revenues from such gaming operations. Beginning on December 26, 2017, the Macau Government may redeem the Subconcession Contract by providing us at least one year's prior notice. In the event the Macau Government exercises this redemption right, VML is entitled to fair compensation or indemnity. The amount of such compensation or indemnity will be determined based on the amount of gaming and non-gaming revenue generated by The Venetian Macao, excluding the convention and exhibition facilities, during the taxable year prior to the redemption, before deducting interest, depreciation and amortization, multiplied by the number of remaining years before expiration of VML's Subconcession. We cannot assure you that we will be able to renew or extend VML's Subconcession Contract on terms favorable to us or at all. We also cannot assure you that if VML's Subconcession is redeemed, the compensation paid to VML will be adequate to compensate for the loss of future revenues.

As a result of LVS's majority ownership in us, certain Nevada, Singapore and Pennsylvania gaming laws apply to our planned and on-going gaming activities and associations in Macau. If our operations, activities or associations do not comply with Nevada, Singapore and Pennsylvania gaming laws or laws of other jurisdictions in which LVS operates or may operate in the future, LVS may be compelled to curtail or sever its relationship with us, which would have a material adverse effect on us.

LVS, our Controlling Shareholder, is subject to the laws, rules and regulations of the State of Nevada, U.S.A., and the laws of other jurisdictions in which LVS operates pertaining to gaming activities. Under the Nevada gaming laws, the foreign gaming operations of a Nevada gaming company must also be compliant with such laws. Hence, the Nevada gaming laws impose on LVS, as our Controlling Shareholder, oversight responsibilities over our gaming activities and associations, including with respect to our business partners, in Macau. Because LVS needs to retain control over these areas of regulation, it may have to act in its own best interest, even at the expense

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of our Company, in order to ensure that it is in compliance with its obligations under these regulations. LVS will also be subject to disciplinary action by the Nevada Gaming Commission if we:

- knowingly violate any laws applicable to our Macau gaming operation;
- fail to conduct our Macau gaming operations in accordance with the standards of honesty and integrity required with respect to LVS's Nevada gaming operations;
- engage in any activity or enter into any association that is unsuitable for LVS because it poses an unreasonable threat to the control of gaming in Nevada, reflects or tends to reflect discredit or disrepute upon the State of Nevada or gaming in Nevada, or is contrary to the gaming policies of Nevada;
- engage in any activity or enter into any association that interferes with the ability of the State of Nevada to collect gaming taxes and fees; or
- employ, contract with or associate with any person in our Macau gaming operations who has been denied a license or a finding of suitability in Nevada on the ground of personal unsuitability, or who has been found guilty of cheating at gambling.

In addition, if the State Gaming Control Board of Nevada determines that one of our actual or intended activities or associations in our Macau gaming operations fails to comply with one or more of the foregoing, LVS may be required to file an application with the Nevada Gaming Commission for a finding of suitability of such activity or association. If the Nevada Gaming Commission determines that our activities or associations in Macau are unsuitable or prohibited, LVS may be required to terminate such activity or association, or will be prohibited from undertaking such activity or association. LVS may also need to curtail or sever its relationship with us, including, but not limited to, divestment of its holdings in us, termination of our Shared Services Agreement, termination of the licenses to use certain trademarks, including the "Venetian" and "Sands" trademarks, which have significant brand recognition, and the resignation of those members of our Board that also hold positions in LVS. See "Connected Transactions." In particular, if we are no longer able to rely upon the experience of key members of our Board, or if we are unable to utilize the "Venetian" and "Sands" brands, our business, financial condition, results of operations and cash flows will be materially and adversely affected.

LVS also has operations in Pennsylvania, is developing the Marina Bay Sands integrated resort in the Republic of Singapore, and in the future, may have operations in other jurisdictions. Accordingly, LVS will be subject to the gaming laws and regulations of these jurisdictions, including laws and regulations that relate to our operations. If any of our actions are deemed to be in violation of these gaming laws and regulations in jurisdictions where LVS has, or may in the future have, operations (even if compliant with the laws of the Cayman Islands, Macau and Hong Kong), LVS may be deemed to be in violation of such gaming laws and regulations. For example, to the best of our knowledge, the gaming regulations of both Singapore and Pennsylvania have a general requirement that a licensee establish its suitability and good character, honesty and integrity, including the avoidance of unsuitable associations. Although neither jurisdiction has a foreign gaming provision in its gaming regulations, either jurisdiction may likely determine it within its power to examine any association of a licensee (including us) that might be considered unsuitable. If any of our activities and associations were determined to be unsuitable under the laws of either Singapore or Pennsylvania, LVS may be required to curtail or sever its relationship with us. Should LVS decide to sever its ties with us in order to avoid liability as a result of our violation of these gaming laws and regulations, we will be materially and adversely affected.

LVS, our Controlling Shareholder, is subject to certain U.S. federal and state laws, which may impose on us greater administrative burdens and costs than we would otherwise have.

LVS, our Controlling Shareholder, is a reporting company pursuant to the U.S. Securities Exchange Act of 1934, as amended (the "1934 Act"), and is subject to the U.S. federal securities laws and regulations. In addition, LVS is subject to other laws applicable to U.S. companies, such as the Foreign Corrupt Practices Act (the "FCPA") and the anti-money laundering laws of the Bank Secrecy

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Act of 1970, as amended, 31 U.S.C. §5311 et seq., and the regulations of the United States Department of the Treasury, 31 CFR §103.11 et seq. (the "U.S. Anti-Money Laundering Laws"), among others. LVS is also listed on the New York Stock Exchange (the "NYSE") and must comply with the NYSE's Listed Company Manual rules, including imposing certain on-going reporting obligations relating to its interest in us. LVS's on-going compliance obligations with respect to any of the above may impose on us greater administrative burdens and costs that we would not otherwise have as a result of measures we need to take to monitor such compliance.

Our insurance coverage may not be adequate to cover all possible losses that our properties could suffer. In addition, our insurance costs may increase and we may not be able to obtain the same insurance coverage in the future.

Although we have all-risk property insurance for our operating properties covering damage caused by a casualty loss (such as fire, natural disasters or certain acts of terrorism), each policy has certain exclusions. In addition, our property insurance coverage is in an amount that may be less than the expected full replacement cost of rebuilding the facilities if there were a total loss. Our level of insurance coverage may be inadequate to cover all possible losses in the event of a major casualty. In addition, certain casualty events, such as labor strikes, nuclear events, loss of income due to cancellation of room reservations or conventions due to fear of terrorism, or damage resulting from deterioration or corrosion, insects or animals and pollution, might not be covered under our policies. Therefore, certain acts and events could expose us to substantial uninsured losses. In addition to the damage caused to our properties 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 and limited business interruption insurance, 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 also have builder's risk insurance for our development projects. Builder's risk insurance provides coverage for projects during their construction for damage caused by a casualty loss. In general, our builder's risk coverage is subject to the same exclusions, risks and deficiencies as those described above for our all-risk property coverage. Our level of builder's risk insurance coverage may not be adequate to cover all losses in the event of a major casualty event. Moreover, in the future, the cost of coverage may become so high that we may be unable to obtain the insurance policies we deem necessary for the construction and operation of our projects on commercially reasonable terms, or at all, or we may need to reduce our policy limits or agree to further exclusions from our coverage.

In addition, although we currently have insurance coverage for occurrences of terrorist acts with respect to our properties and for certain losses that could result from these acts, our terrorism coverage is subject to the same risks and deficiencies as those described above for our all-risk property coverage. The lack of sufficient insurance coverage for these types of acts could expose us to substantial losses in the event that any damages occur, directly or indirectly, as a result of terrorist attacks or otherwise, which could have a significant negative impact on our operations.

We renew our insurance policies (other than our builder's risk insurance) on an annual basis. The cost of coverage may become so high that we may need to further reduce our policy limits or increase deductibles to the minimum levels permitted under our loan agreements, or agree to certain 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 properties and development projects. Among other factors, it is possible that regional political tensions, security concerns, other catastrophic events or any change in legislation governing insurance coverage for acts of terrorism could materially and adversely affect available insurance coverage and result in increased premiums on available coverage (which may cause us to elect to reduce our policy limits), additional exclusions from coverage or higher deductibles. Among other potential future adverse changes, we may elect not to, or may be unable to, obtain any coverage for losses due to acts of terrorism.

Our credit agreements, the Subconcession Contract and other material agreements require us to maintain a certain minimum level of insurance, a portion of which we have to procure from insurance

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companies based in Macau. Failure to satisfy these requirements could result in an event of default under these credit agreements, the Subconcession Contract or material agreements and have a material adverse effect on our business, financial condition, results of operations and cash flows.

We may not be able to monetize some of our non-core real estate assets.

Part of our business strategy relies upon our ability to successfully sell and grant rights of use over certain of our non-core real estate assets once developed, including, but not limited to, retail malls and apart-hotels, and to use the proceeds of such operations and/or sales to refinance, or repay, part of our construction loans incurred to develop these assets, as well as to fund existing and future development. Our ability to monetize our non-core real estate assets will be subject to market conditions, applicable legislation and the approval by the Macau Government's Chief Executive of the transfer of certain of our rights under our land concessions to a third-party purchaser. If we are unable to profitably monetize our non-core real estate assets, we may have to seek alternative sources of capital to refinance part of our construction loans. These alternative sources of capital may not be available on commercially reasonable terms or at all. Our failure to obtain such capital could have a material adverse effect on our business, financial condition, results of operations and cash flows.

The expiration of our exemptions from complementary tax and property tax could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Complementary tax refers to Macau's corporate income tax on profits from gaming operations. As of June 30, 2009, the Macau complementary tax rate was up to 12.0% of profits. Pursuant to the Dispatch of Chief Executive No. 250/2004, dated September 30, 2004, and No. 167/2008, dated May 21, 2008, since 2004, we have been exempted from paying complementary tax on profits generated by the operation of casino games and games of chance in Macau. We will continue to benefit from this tax exemption through the end of fiscal year 2013. We cannot assure you that this tax exemption will be extended beyond the expiration date. This tax exemption does not apply to our non-gaming activities. If our exemption is not extended, we will be subject to complementary tax on our profits generated by the operation of casino games and games of chance in Macau, which, based on our net income for the year ended December 31, 2008, could amount to an expense of approximately US\$46.4 million. This could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Pursuant to Article 9 of the Property Tax Regulations, newly built commercial buildings are granted property tax exemptions for the first four and six years in Macau and its outlying islands, respectively, upon issuance of an occupancy permit for properties. The Sands Macao is exempt from property tax until April 2010 while The Venetian Macao and the Plaza are entitled to an exemption from property tax until August 2013 and July 2014, respectively. Upon expiration of the respective exemptions from property tax, we would be subject to an effective property tax rate of 16.8% of our actual rental income from the respective properties, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We may have financial and other obligations to foreign workers managed by our construction contractors under government labor quotas.

The Macau Government has granted us a quota to permit us to hire foreign workers. Our quota is used, in part, by our contractors for the construction of our Cotai Strip projects. We remain ultimately liable for all employer obligations relating to these employees, including for payment of wages and taxes and compliance with labor and workers' compensation laws. We cannot assure you that our contractors will fulfill their obligations to employees hired under the labor quotas. Until we make final payments to our contractors, we have certain offset rights to collect amounts they may owe us, including amounts owed under the indemnities relating to employer obligations. After we have made the final payments, it may be more difficult for us to enforce any unpaid indemnity obligations.

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Theoretical win rates for our casino operations depend on a variety of factors, some beyond our control.

The gaming industry is characterized by an element of chance. Accordingly, we employ theoretical win rates to help estimate what a certain type of player, on average, will win or lose in the long run. In addition to the element of chance, theoretical win rates are also affected by the spread of table limits and factors that are beyond our control such as a player's skill and experience, the mix of games played, the financial resources of players, the volume of bets played and the amount of time players spend on gambling. As a result of the variability in these factors, the actual win rates at our casinos and gaming areas may differ from the theoretical win rates anticipated and could result in the winnings of our gaming patrons exceeding those of our Company. The variability in these factors, alone or in combination, has the potential to negatively impact our actual win rates, which may materially and adversely affect our business, financial condition, results of operations and cash flows.

We face the risk of fraud or cheating.

Players in our casinos or gaming areas may attempt or commit fraud or cheat in order to increase winnings. Acts of fraud or cheating could involve the use of counterfeit 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 operations. 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 flows.

We may not be able to prevent the occurrence of money laundering activities at our casinos or gaming areas in spite of our anti-money laundering policies and compliance with applicable anti-money laundering laws.

The gaming industry is prone to potential money laundering and Macau's free port, offshore financial services and free movements of capital create an environment whereby Macau's casinos or gaming areas could be exploited for money laundering purposes. We cannot assure you that our historical, current or future anti-money laundering measures have been or will be effective in preventing or detecting all money laundering activities. If we or any of our employees or Gaming Promoters are found or suspected to be involved in money laundering activities or other illegal activities, in certain circumstances, the Macau Government could terminate VML's Subconcession. Any incidents of money laundering, accusations of money laundering or regulatory investigations into possible money laundering activities involving us, our employees, our Gaming Promoters or our players could have a material adverse effect on our reputation, business, financial condition, results of operations and cash flows.

We depend on the continued services of key management personnel; and we may not be able to attract and retain professional staff necessary for our existing and future properties in Macau.

Our ability to maintain our competitive position is dependent to a large degree on the services of our senior management team. Certain of these members of our senior management, including our chief executive officer, have recently joined us. The loss of the services of one or more of these members of our senior management team could hinder our ability to effectively manage our business and implement our growth and development strategies. There is significant competition in Macau for experienced senior management personnel and competition for these individuals is likely to increase as Macau's gaming industry expands. We cannot assure you that any of our executive officers will remain with us. In addition, employees who are not residents of Macau must obtain work permits either on an individual basis or within a quota system from the Macau Government. Furthermore, members of our senior management team must apply for and undergo a suitability review process administered by the Macau gaming authorities. If the Macau gaming authorities were to find a member of our senior

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management team unsuitable for licensing, we would have to sever all relationships with that person. In addition, the Macau gaming authorities may require us to terminate the employment of any person who refuses to file appropriate applications. We currently do not have life insurance policies on any of the members of the senior management team. The death or loss of the services of any of our senior management personnel or our inability to attract and retain additional senior management personnel when needed could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our success also depends in large part upon our ability to attract, retain, train, manage and motivate skilled employees. There is also significant competition in Macau for employees with the skills required to work at our properties and competition for these individuals is likely to increase as we open our remaining Cotai Strip projects and as other competitors expand their operations. In addition, the Macau Government requires us to only hire Macau residents as dealers in our casinos or gaming areas. We cannot assure you that a sufficient number of skilled employees will continue to be available, or that we will be successful in training, retaining and motivating current or future employees. If we are unable to attract, retain and train skilled employees, our ability to adequately manage and staff our existing and planned casino or gaming areas and integrated resort properties could be impaired, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our primary source of cash is and will be dividends from our subsidiaries, which are subject to limitations on their ability to pay dividends.

We are a holding company with limited business operations of our own. Our main assets consist of our direct and indirect shareholdings in our operating subsidiaries through which we conduct most of our business operations. Accordingly, our primary sources of cash are dividends and distributions with respect to our ownership interests in our subsidiaries that are derived from the earnings and cash flows generated by our operating properties. Our subsidiaries might not generate sufficient earnings and cash flows to pay dividends or distributions in the future. Our subsidiaries' payments to us will be contingent upon their earnings and upon other business considerations. In addition, our subsidiaries' credit agreements and other agreements limit or prohibit certain payments of dividends or other distributions to us. We expect that future credit agreements for the financing of our other developments will contain similar restrictions. On October 5, 2009, VML applied to the Macau Government to secure a special arrangement for payment of complementary tax on dividends distributed to its shareholders similar to those arrangements made between the Macau Government and other Concessionaires or Subconcessionaires. If we are unable to obtain such special arrangement, any dividends and other distributions that we receive from VML may become subject to complementary tax at a rate of up to 12.0%, which could have a material and adverse effect on our business, financial condition, results of operations, cash flows and our ability to pay dividends on our Shares. See "Dividend Policy."

We are controlled by LVS, our Controlling Shareholder, whose interest in our business may be different from yours.

Following the completion of [●] and the mandatory exchange of the Bonds for Shares and assuming the [●] is not exercised, LVS, through various intermediate companies, will control approximately [●]% of our outstanding Shares. Accordingly, LVS is our Controlling Shareholder under the Listing Rules and has the ability to exercise control over our business policies and affairs, such as the composition of our Board of Directors and any action requiring the approval of our Shareholders, including the adoption of amendments to our Articles of Association and the approval of a merger or sale of substantially all of our assets. In addition, LVS, through various intermediate companies, has the ability to control the selection of our senior management through its control of the Board. The concentration of ownership may also delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of LVS. The interests of LVS may conflict with the interests of other Shareholders, and LVS, as a Controlling Shareholder, may take actions, through its concentration of ownership, that are not in the best interests of other

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Shareholders. Additionally, a majority of LVS’s outstanding common stock is currently held by LVS’s chairman and chief executive officer, Mr. Sheldon Adelson, his family members and trusts for the benefit of Mr. Adelson and/or his family members, whose interests may conflict with ours and those of our other shareholders. For additional information regarding the share ownership of, and our relationship with our Controlling Shareholders, see “Relationship with our Controlling Shareholders.”

LVS operates and may develop additional integrated resorts or casinos outside of mainland China, Macau, Hong Kong and Taiwan that may compete with our properties. LVS may also compete with us when the undertakings in the Non-Competition Deed are terminated.

LVS operates integrated resorts or casinos in Las Vegas, Nevada and Bethlehem, Pennsylvania in the United States and is currently constructing Marina Bay Sands, an integrated resort in the Republic of Singapore. Pursuant to the Non-Competition Deed that we entered into with LVS, which limits the markets in which each of us may operate on a geographical basis, we are restricted from having any interest or involvement in gaming businesses outside of mainland China, Macau, Hong Kong and Taiwan and their respective territorial seas (collectively, the “Restricted Zone”), unless we receive LVS’s prior written consent. Moreover, the Non-Competition Deed does not impact LVS’s ability to continue to develop and operate new gaming projects, or engage in existing gaming operations, located outside of the Restricted Zone which, along with LVS’s current operations, may provide incentives or marketing promotions that attract regional or global customers who may otherwise have patronized our properties.

Under the Non-Competition Deed, LVS and its associates (other than our Group) is restricted from having any interest or involvement in gaming businesses in the Restricted Zone unless it receives our prior written consent. However, such restriction will terminate on the earlier of the date on which (i) LVS ceases to be our Controlling Shareholder and (ii) [●]. Once such restriction is terminated, LVS may also compete with us in the Restricted Zone. For details of the Non-Competition Deed, see “Relationship with Our Controlling Shareholders—Non-Competition Deed.”

Potential competition from LVS’s other integrated resorts and operations, particularly those in Asia, could have a material adverse effect on our business, financial condition, results of operations and cash flows. We cannot assure you that LVS will not make strategic and other decisions that materially and adversely affect our business.

Our Group may lose its right to use certain critical trademarks if the Second Trademark Sub-License Agreement is terminated.

Pursuant to the Second Trademark Sub-License Agreement, Las Vegas Sands, LLC granted to our Group a license to use the trademarks and the service marks set forth in “Statutory and General Information” in Appendix VII to this document (a) in the Restricted Zone for the development, operation and marketing of casinos, hotels, integrated resorts and associated facilities located in mainland China, Macau, Hong Kong and Taiwan and (b) in the rest of the world, for the marketing of business in such four territories. In order to be more aligned with the initial term of VML’s Subconcession that expires on June 26, 2022, the Second Trademark Sub-License Agreement shall remain in effect for an initial term of slightly over twelve and a half years commencing from [●] and ending on December 31, 2022. However the Second Trademark Sub-License Agreement will terminate automatically, without any notice to the licensee, in the event that LVS is no longer a Controlling Shareholder, or in the event of any sale of all or substantially all of our assets, to any person or legal entity which is not a subsidiary or affiliate of LVS, the Company or the licensor. In such event, we will not be able to continue using any of the subject trademarks, including the “Sands” and “Venetian” trademarks, and would have to rebrand our businesses.

We may not have full access to the resources of LVS and may experience increased costs resulting from our separation from LVS.

Historically, LVS has provided us with corporate and shared services, such as executive oversight, risk management, information technology, marketing, construction management, accounting,

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audit, legal, investor relations, human resources, tax, treasury, procurement and other services. Following the completion of the [●], LVS will provide only certain limited services such as procurement; construction and operation services; procurement of insurance coverage; information technology services; third party intellectual property; transportation services and administrative services pursuant to the Shared Services Agreement. See "Connected Transactions." The terms and conditions of any third-party service agreements that we enter into in relation to such services may not be comparable to those that we previously received from LVS as we may no longer be able to take advantage of LVS's size and purchasing power in procuring goods, services and technology. As a result, we may be unable to obtain goods and services on prices and terms as favorable as those we obtained prior to our separation from LVS, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We may be unable to maintain effective internal controls, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We have an internal control system in place and will continue to develop our internal controls and risk management procedures and policies following the completion of [●]. Because of its inherent limitations, any system of controls, however well designed and operated, can only provide reasonable, and not absolute, assurance that the objectives of the system are met. As such, we may be affected by risks arising in relation to our internal controls and risk management, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Moreover, given the dynamic nature of the gaming industry, even if we are able to address existing deficiencies, we cannot assure you that there will not be new deficiencies in our internal control policies and procedures. Any such deficiency, if material or significant, could adversely affect our management's ability to monitor, evaluate and manage our business and operations, or lead to substantial business or operational risk or inaccurate financial reporting, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

An outbreak of highly infectious diseases, or fears concerning such an outbreak, could adversely affect the number of visitors to our facilities and disrupt our operations, resulting in a material adverse effect on our business, financial condition, results of operations and cash flows.

In 2003, mainland China, Hong Kong, Taiwan, the Republic of Singapore and certain other regions experienced an outbreak of a highly contagious form of atypical pneumonia known as severe acute respiratory syndrome ("SARS"). As a result of the outbreak, there was a decrease in travel to and from, and economic activity in, affected regions, including Macau. In addition, there have been fears concerning the spread of an "avian flu" in Asia. Furthermore, Macau confirmed its first swine flu case in June 2009 at the Macau International Airport, and the Macau Government's Chief Executive warned that the number of infections might rise. Potential future outbreaks of SARS, swine flu, avian flu or other highly infectious diseases, or fears concerning such an outbreak, may adversely affect the number of visitors to our operating properties and properties we are currently developing. An outbreak might disrupt our ability to adequately staff our business and could disrupt our operations. If any of our customers or employees are suspected of contracting certain highly contagious diseases, we may be required to quarantine these customers or employees or close the affected areas of our facilities and temporarily suspend part or all of our operations at affected facilities. Any new outbreak of such highly infectious diseases could have a material adverse effect on our business, financial condition, results of operations and cash flows.

The food and beverage business in our properties could be disrupted if we or our retailers fail to obtain, or experience material delays in obtaining, the necessary licenses.

Pursuant to Macau Government regulations, all food and beverage businesses must obtain a food and beverage license from the Macau Government Tourist Office or from the Macau Civil and Municipal Affairs Bureau. Before one of these departments issues us or our food and beverage

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retailers a license, we or our retailers, as the case may be, must first meet specific licensing conditions. As of September 30, 2009, there were 39 food and beverage outlets in The Venetian Macao which were pending approval for licensing by either the Macau Government Tourist Office or the Macau Civic and Municipal Affairs Bureau. With respect to these 39 outlets, we have entered into agreements to assign the responsibility for obtaining licenses back to seven of these retailers and are in the process of assigning such responsibility back to eight of these retailers. We cannot guarantee that we or our retailers will not encounter serious delays or other difficulties in fulfilling the conditions for obtaining a license, or that we or our retailers will be able to adapt to new rules and regulations that may come into effect from time to time with respect to the food and beverage industry. There may also be delays on the part of the relevant regulatory bodies in reviewing our applications and granting such licenses.

Although our retailers are legally and contractually bound to obtain the necessary licenses to operate their respective food and beverage businesses, certain of these retailers made the decision to commence operation without a license. Our Group undertook the responsibility to obtain such licenses on behalf of these retailers as part of the complex process of opening The Venetian Macao. Consequently our Macau legal advisor, Leonel Alves Law Firm, is of the opinion that there may be indirect adverse consequences to our Group as a result of taking on this obligation. In the past, as a result of failure to obtain the necessary governmental licenses for these retailers we have been assessed, and may in the future be assessed, a fine of MOP30,000 per retailer. In the event that we or our retailers fail to obtain, or encounter significant delays in obtaining, the necessary governmental licenses for any of the food and beverage outlets in our properties, we may be forced to shut down these outlets, which would disrupt the food and beverage business in our properties and could adversely affect the attractiveness of and the number of visitors to our properties. Moreover, if these retailers' outlets are shut down due to our inability to obtain food and beverage licenses for their outlets, we may also be subject to claims by these retailers for business interruption or other damages.

From time to time, we may be involved in legal and other proceedings arising out of our operations.

We may be involved in disputes with various parties involved in the construction and operation of our properties, including contractual disputes with contractors, suppliers, construction workers and retailers or property damage or personal liability claims. Regardless of the outcome, these disputes may lead to legal or other proceedings and may result in substantial costs, delays in our development schedule, and the diversion of resources and management's attention. In addition, litigation is often necessary to enforce intellectual property rights which can be expensive and difficult in Macau due to the early stage of the development of intellectual property laws. 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 and/or delay the development of our integrated resorts. In such cases, our business, financial condition, results of operations and cash flows could be materially and adversely affected. For information on our current legal and arbitration proceedings with Norte Oeste Expresso Ltd., Ngo Kee (Macau) Limited, Prema Birkdale Horticulture (Macau) Ltd, Chun Wo—San Meng Fai JV and relating to the registration of the expression "Cotai Strip," see "Business—Legal Proceedings."

Our operations are subject to hazards which could cause personal injury, loss of life or damage to property.

The construction of large-scale properties such as our integrated resort projects can be dangerous and standard industry safety precautions may not be adequate to prevent serious personal injuries or loss of life, damage to property or delays. We have in the past experienced accidents in our construction and ferry operations. If accidents occur during the construction of our projects, we may be subject to delays, including delays imposed by regulators, liabilities and possible losses, which may not be covered by insurance, and our business and reputation may be materially and adversely affected. If our ferry operations are involved in accidents which result in serious injury or loss of life, these events could result in a material adverse effect on our business, prospects and reputation. Such events could

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also deter passengers from traveling on our ferries, which could result in a reduction of the number of visitors to our properties.

Risks Relating to Gaming Promoters

We may be exposed to credit risk as a result of extending credit to certain of our premium players and our Gaming Promoters.

Under Macau law, we are permitted to extend credit to our players. We may extend credit to those customers whose level of play and financial resources, in the opinion of management, warrant an extension of credit. This credit is typically unsecured. Although we currently extend credit to players on a very limited basis, we may decide to extend more credit or extend credit to a broader range of customers in the future, thereby increasing our exposure to credit risk. Many of our players come from jurisdictions other than Macau, and those jurisdictions may not enforce gaming debts to the same degree as Macau, or at all. As such, we may be unable to collect gaming receivables from our credit players. Moreover, the gaming tax in Macau is calculated as a percentage of gross gaming revenue, but does not provide for deductions in subsequent periods for credit losses resulting from casino winnings in prior periods. As a result, we must still pay taxes on our winnings even if we are unable to collect on the related gaming receivables in a subsequent period. Our inability to collect large gaming receivables may have a material and adverse impact on our business, financial condition, results of operations and cash flows.

In addition, we are exposed to credit risk because we grant gaming credit to our Gaming Promoters. Generally, we maintain the right to offset commissions payable to our Gaming Promoters against credit extended to them. However, we cannot assure you that the accrued or other commissions payable to our Gaming Promoters will be sufficient to offset the credit extended to these Gaming Promoters. As of December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the balance of VML's advances to its Gaming Promoters was US\$2.6 million, US\$0.4 million, US\$95.7 million and US\$102.7 million (HK\$796.0 million), respectively. If we accrue large receivables from our Gaming Promoters against which we are unable to offset commissions payable, our business, financial condition, results of operations and cash flows could be materially and adversely affected.

We are dependent upon Gaming Promoters for a significant portion of our gaming revenues in Macau.

A substantial portion of our total revenue is derived from our rolling chip volume. For the year ended December 31, 2008 and the six months ended June 30, 2009, our rolling chip play accounted for approximately 56.9% and 56.0% of our gross gaming revenue, respectively. Although we seek to establish direct relationships with high-limit players, we will remain significantly reliant on Gaming Promoters in the market. Gaming Promoters, who promote gaming and draw VIP players to our casinos or gaming areas, constitute a significant portion of our rolling chip volume. As of June 30, 2009, we had entered into agreements with 29 Gaming Promoters. With the rise in gaming in Macau, the competition for relationships with Gaming Promoters has increased. While we are undertaking initiatives to strengthen our relationships with our current Gaming Promoters and recruit new Gaming Promoters, we cannot assure you that we will be able to maintain or grow our relationships with Gaming Promoters. If we are unable to maintain or grow our relationships with Gaming Promoters, our ability to grow our gaming revenues will be hampered and we may need to seek alternative ways to develop relationships with VIP players. Furthermore, the loss of one or more key Gaming Promoters could have a material adverse effect on our business, financial condition, results of operations and cash flows.

If we are unable to ensure high standards of probity and integrity of our Gaming Promoters with whom we are associated, our reputation may suffer or we may be subject to sanctions, including the loss of VML's Subconcession.

The quality of Gaming Promoters is important to our reputation and our ability to continue to operate in compliance with VML's Subconcession. We cannot assure you that the Gaming Promoters

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with whom we are associated will meet the high standards we insist upon. In recent years, we have encountered instances of misconduct by Gaming Promoters and have terminated relationships or declined to execute agreements with Gaming Promoters due to concerns over one or more of the following: repeated untimely filing of ROVEs, identification of a major player of a Gaming Promoter as a politically exposed person through database searches, unresolvable concerns regarding suspected side betting transactions between a Gaming Promoter and one of its players or suspected abuse of our complimentary privileges. If a Gaming Promoter falls below our standards, we may suffer reputational harm, as well as worsening relationships with, and possibly sanctions from, gaming regulators with authority over our operations. Moreover, under Macau gaming laws, we are jointly and severally liable for any misconduct by our Gaming Promoters which may occur in our casinos or gaming areas, regardless of whether we have knowledge of or are involved in such misconduct.

As a Subconcessionaire, VML has an obligation under Macau gaming laws and the DICJ Instructions to supervise the activities of our Gaming Promoters and their directors, employees and collaborators conducted within our casinos or gaming areas, to ensure they comply with applicable laws and regulations, and to inform the Macau Judiciary Police and the DICJ of any suspicious activities carried out by our Gaming Promoters. If this obligation is breached, the Macau Government may, in its discretion, take enforcement action against each or both of us and the Gaming Promoter. If a fine is imposed as a result of the misconduct of a Gaming Promoter, any direct Shareholder holding over 10.0% of our share capital will be jointly and severally liable for the payment of such fines. If we are implicated in any material misconduct by a Gaming Promoter, we may, among other things, be deemed to have committed an administrative infringement, which is punishable by a fine. Serious breaches or repeated misconduct by our Gaming Promoters could ultimately result in the termination of VML's Subconcession. Despite our efforts to supervise and regulate the operations and activities of our Gaming Promoters, we cannot assure you that the activities of our Gaming Promoters or their business associates or players will comply with applicable laws and regulations, such as usury or anti-money laundering laws or regulations, foreign exchange controls or sanctions imposed by the Office of Foreign Assets Controls of the U.S. Department of the Treasury. Any incidents of non-compliance or allegations, investigations or negative publicity relating to incidents of non-compliance with anti-money laundering or other laws and regulations involving us or our casinos or gaming areas, employees, Gaming Promoters, or players, whether or not validated, could harm our reputation or otherwise have a material and adverse effect on our business, financial condition, results of operations and cash flows.

Risks Relating to Our Cotai Strip Development

We are constructing the portions of our Cotai Strip development on Parcels 5, 6, 7 and 8 for which we have not yet been granted land concessions. If we do not obtain these land concessions, we could forfeit all or a substantial part of our investment in these parcels to date, and would not be able to build or operate the planned facilities on these parcels.

Land concessions in Macau generally have 25-year terms, with automatic extensions of 10 years at the holder's option thereafter in accordance with Macau law. There are common rates based on land use, which are generally applied to determine the cost of these land concessions. We have commenced construction or pre-construction on Parcels 5, 6, 7 and 8 of our Cotai Strip development based on permits and approvals issued by the Macau Government but have not yet formalized the land concession contracts with the Macau Government for these parcels. We have obtained a draft of the land concession contract for Parcels 5 and 6 from the Macau Government, and upon successfully obtaining such concession, will subsequently negotiate to obtain the land concession for Parcels 7 and 8. If we do not obtain land concessions for any of Parcels 5, 6, 7 and 8, we will not be able to complete, open and operate the planned projects on such parcels and we may have to forfeit all or a substantial part of our capitalized construction costs related to our developments on any or all of these parcels, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. As of June 30, 2009, our total capitalized construction costs relating to planned developments on Parcels 5, 6, 7 and 8 amounted to US\$1.8 billion (HK\$14.2 billion).

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We are required to build and open our developments on Parcel 3 of our Cotai Strip development by April 17, 2013. Unless we meet this deadline or obtain an extension, we may lose our right to the land concession or any properties developed under the land concession for Parcel 3.

The Macau Government recently granted us an extension of the development deadline under the land concession for Parcel 3. Under the terms of the land concession, we must complete development of Parcel 3 by April 17, 2013. We have commenced pre-construction on Parcel 3, and as of the Latest Practicable Date, we have obtained a soil investigation license and a temporary hoarding license for Parcel 3. We intend to commence construction of Parcel 3 after the completion of Parcels 5 and 6, after necessary government approvals are obtained, regional and global economic conditions improve, conceptual designs are further refined, future demand warrants and additional financing is obtained. We do not intend to restart construction of Phases I and II of Parcels 5 and 6 until supplemental financing is committed or arranged, and currently estimate that it will take approximately 18 months to complete construction of Phase I and another six months thereafter to complete the internal fit-out of the additional Sheraton hotel tower in Phase II. The remaining retail facilities in Phase II of Parcels 5 and 6 are expected to be completed within 24 months after the additional Sheraton hotel tower is completed. If we are unable to complete the development of Parcel 3 by the deadline, the Macau Government has the right to unilaterally terminate our land concession for Parcel 3 without compensation to us. Such event could result in a substantial or total loss of our US\$35.6 million (HK\$275.9 million) in capitalized construction costs for Parcel 3 as of June 30, 2009, and thereby having a material adverse effect on our business, financial condition, results of operations and cash flows. See "—Recent disruptions in the financial markets could adversely affect our ability to refinance existing obligations or raise additional financing. Should general economic and capital market conditions not improve, should we be unable to obtain sufficient funding such that completion of our suspended projects is not feasible, or should management decide to abandon certain projects, all or a portion of our investment to date on our suspended projects could be lost."

Our strategy of building a critical mass of integrated resorts at our Cotai Strip development to make Macau a world-class destination may fail.

We have incurred, and will continue to incur, significant capital expenditures associated with the development of new integrated resorts in our Cotai Strip development as part of our strategy of building critical mass at our Cotai Strip development. In addition to the construction of The Venetian Macao and the Plaza, we have also made significant investments in transportation infrastructure in Cotai, such as our CotaiJet™ ferries and CotaiShuttle™ bus service in order to facilitate access to our Cotai Strip properties. As of June 30, 2009, we had invested approximately US\$5.7 billion (HK\$44.2 billion) to develop integrated resorts and supporting infrastructure for our Cotai Strip properties. Our strategy for developing our integrated resorts is based on our belief that these developments will increase the appeal of Macau as a resort destination and increase the scope and scale of visitation to Macau. These beliefs may be invalidated and our vision may not be realized. We may not be able to successfully implement our plans to develop additional integrated resorts or to promote and develop our Cotai Strip properties as major resort destinations. If our efforts in developing and promoting our Cotai Strip development are not successful in attracting the level of patronage that we are forecasting, we may be unable to maintain or grow our market share in the future or otherwise compete effectively. Our failure to successfully implement our current plans for the development of these integrated resorts could have a material adverse effect on our business, financial condition, results of operations and cash flows.

As part of our strategy, we have also entered into agreements with hotel management companies such as Four Seasons Hotels Limited, Four Seasons Hotels and Resorts Asia Pacific Pte Ltd and FS Macau Lda. (collectively, "Four Seasons") to operate the Four Seasons Hotel; and Sheraton International Inc. and Sheraton Overseas Management Co. ("Starwood"), and Shangri-La International Hotel Management Limited ("Shangri-La") to operate certain proposed hotel developments on Parcels 5 and 6 of our Cotai Strip development. We selected these partners primarily based on evaluations of their brand recognition and ability to attract brand-loyal customers to their properties. Should these hotel management brands fail to attract a diversified customer base and critical mass of

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additional customers to our hotel properties, the level of patronage of our related integrated resort facilities could vary significantly from our original estimates and therefore materially and adversely affect our business, financial condition, results of operations and cash flows.

We face significant risks associated with our on-going and planned development projects, which could prevent or delay the opening of such projects or otherwise adversely affect the operations of these planned facilities.

Our on-going and planned development projects entail significant risks. Construction activity requires us to retain qualified contractors and subcontractors, who may not be available when needed or available on acceptable terms. Development projects of this size and scope are subject to cost overruns and delays caused by events outside of our control or, in certain cases, our contractors' or subcontractors' control, such as shortages of materials or skilled labor, disputes with or defaults by contractors and subcontractors, unforeseen engineering, environmental and/or geological problems, work stoppages, fires, weather interference such as typhoons and other natural disasters, unanticipated cost increases, changes in applicable laws and regulations or in the interpretation and enforcement of laws and regulations relating to construction, zoning or land rights, and unavailability of construction equipment. Any of these construction, equipment or staffing problems or difficulties in obtaining any of the requisite licenses, permits, allocations and authorizations from governmental or regulatory authorities could increase costs; delay, jeopardize or prevent the construction or opening of our projects, or otherwise affect the design and features of our projects. If we are unable to successfully manage our development projects, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We have not entered into a fixed-price or guaranteed maximum price contract with a single construction manager or general contractor for the construction of any of our projects. As a result, we rely heavily on our in-house design, development and construction team to manage construction costs and coordinate the work of the various trade contractors. The lack of any fixed-price contract with a construction manager or general contractor will put more of the risk of cost-overruns and changes in construction costs, including, without limitation, construction materials and labor costs, on us. If we are unable to effectively manage these costs, we may not be able to open or complete these projects, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

As of June 30, 2009, we had capitalized construction costs of approximately US\$1.7 billion (HK\$13.2 billion) on the development of Parcels 5 and 6 and, if supplemental financing is obtained, we expect to spend an additional US\$2.2 billion to complete Phases I and II. The anticipated costs and completion dates for our projects are based on budgets, designs, engineering plans, development and construction documents, and schedule estimates that we have prepared with the assistance of architects and other design and development consultants. These design, development and construction documents are subject to change as they are finalized and as actual construction work is performed. We regularly expect revisions to our estimated project costs as we firm up our design plans and hire architects, engineers, contractors and sub-contractors for our projects. A failure to complete our projects on budget or on schedule may adversely affect our business, financial condition, results of operations and cash flows.

We may experience difficulty or delay in restarting our suspended Cotai Strip project on Parcels 5 and 6.

We have suspended the development of Phase I and Phase II of our Cotai Strip project on Parcels 5 and 6 while we pursue supplemental financing and plan to commence construction of Phase III at a future date as demand and market conditions warrant. We may need to rehire our previous contractors or hire new contractors, subcontractors, engineers or workers to complete construction of Parcels 5 and 6. We may also incur penalties relating to our hotel management contracts with certain brand partners such as Starwood. See also "—Our revised development plan

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may give certain of our hotel management companies for our Cotai Strip projects the right to terminate their agreements with us." The passage of time may also extend the ramp up time and cost necessary to remobilize and recommence construction efforts. If the costs of restarting the construction of this project becomes higher than expected or budgeted, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We have received a draft of the land concession contract for Parcels 5 and 6 and expect to formalize the land concession in due course following the usual MSAR land grant process. Pursuant to the draft land concession, we must complete development of Parcels 5 and 6 within 48 months of publication of the land concession in the Macau Official Gazette. If we are unable to restart construction or to obtain the land concession, we would lose our investment in Parcels 5 and 6 to date. Should the Macau Government terminate our land concession to Parcels 5 and 6 due to our failure to complete our proposed development, we would forfeit all of our investments in Parcels 5 and 6 to date. As of June 30, 2009, our total capitalized construction costs relating to planned developments on Parcels 5 and 6 amounted to US\$1.7 billion (HK\$13.2 billion).

Our revised development plan may give certain of our hotel management companies for our Cotai Strip projects the right to terminate their agreements with us.

We have entered into management agreements with Starwood and are currently in discussions with others to manage hotels or luxury apart-hotels located on Parcels 3, 5 and 6 of our Cotai Strip development. Under our revised development plan, construction of these hotels and luxury apart-hotel units has been suspended until supplemental financing is obtained and general economic and capital market conditions improve. Under our management agreements with Starwood, we are required to perform all work necessary to cause (i) the opening of the first Sheraton hotel tower on Parcels 5 and 6 to occur by June 1, 2009; (ii) the opening of the second Sheraton hotel tower to occur by January 1, 2010; and (iii) the opening of the St. Regis hotel to occur by January 1, 2010. Our failure to open the first Sheraton hotel tower by the above specified date entitles Starwood to terminate its hotel management agreements with us. As of the Latest Practicable Date, Starwood has not terminated its hotel management agreements with us. Upon termination of the hotel management agreements we would also be liable to pay Starwood for all expenses arising as a result of such termination. We are currently negotiating new management agreements with Starwood, which will amend the construction and opening obligations and deadlines. We expect the new management agreements with Starwood to be finalized by the end of 2009. If negotiations are unsuccessful, we may be subject to claims for damages and expenses under the management agreements, including breach of contract claims, losses of payables due to pre-opening consultants for services rendered and the opportunity costs of negotiating and executing these agreements. In addition, in the event that Starwood terminates its agreements with us, we would have to find new managers and brands for the projects described above, and which, in turn, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We operate a passenger ferry service between Macau (Taipa Temporary Ferry Terminal) and Hong Kong under an agreement with the Macau Government. The loss of our ferry agreement or our ferry operator could have a material adverse effect on our business, financial condition, results of operations and cash flows.

For the years ended December 31, 2007 and 2008 and the six months ended June 30, 2009, which were the periods during which our CotaiJet ferry was in operation, our net revenues derived from ancillary operations, which includes ferry, convention and retail operations, amounted to US\$17.9 million, US\$66.4 million and US\$38.4 million (HK\$297.7 million), respectively. We operate CotaiJet, a passenger ferry service between Macau (Taipa Temporary Ferry Terminal ("TTFT")) and Hong Kong, under an agreement with the Macau Government. Pursuant to our ferry agreement, we were granted the right to operate passenger ferries between the TTFT and the Shun Tak ferry terminal in Sheung Wan, Hong Kong ("MFT"), until October 29, 2027. Another transportation company has claimed that entry into the agreement was improper and has sued the Macau Government seeking a review of the

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government’s decision. In February 2009, the Court of Second Instance in Macau held that it was unlawful for the Macau Government to enter into the ferry agreement with Cotai Ferry Company Limited without engaging in a public tender process, and that the ferry agreement with Cotai Ferry Company Limited was void. We and the Macau Government have appealed the decision to the Court of Final Appeal in Macau. Our Macau legal advisor is of the opinion that, although uncertain, the outcome of the decision of the Court of Final Appeal is more likely to be unfavorable than favorable. See “Business—Legal Proceedings.” If we lose this agreement or are otherwise unable to operate our ferry service, this could result in a significant loss of visitors to our Cotai Strip properties, including The Venetian Macao and the Plaza, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. This may also result in a potential impairment charge on the approximately US\$244.2 million in capitalized costs, as of June 30, 2009, related to our ferry operations. Moreover, under the terms of the Ferry Financing Facility, an event of default would occur if, upon losing the right to operate ferry services, we are unable to utilize available options to secure renewed rights to provide ferry services within six months of the loss of such right. Upon the occurrence of an event of default, our lender under the Ferry Financing Facility may cancel the Ferry Financing Facility and accelerate the repayment of the outstanding loans and interest, which would require us to repay such amounts with cash-on-hand or to seek any necessary refinancing to repay such amount. As of June 30, 2009, we had an aggregate outstanding principal amount of US\$228.5 million. See “Financial Information—Description of Material Indebtedness—Ferry Financing Facility.”

Moreover, we rely on Chu Kong Passenger Transport Co., LTD (“CKS”) for the daily operation of our CotaiJet ferry service through a management services agreement. As there are a limited number of established and licensed ferry operators in the Pearl River Delta region, it may be difficult to secure a replacement for CKS’s services upon termination or failure to renew our operating agreement with CKS. The loss of CKS’s services would materially and adversely affect our CotaiJet ferry operations, which could result in reduced traffic to our properties and therefore have a material adverse effect on our business, financial condition, results of operations and cash flows.

Risks Relating to the Gaming Industry in Macau

Conducting business in Macau has certain political, economic and regulatory risks which may affect us.

As substantially all of our businesses and assets are located in Macau, our operations are governed principally by Macau laws and regulations. Current Macau laws and regulations concerning gaming and gaming concessions are, for the most part, fairly recent and there is limited precedent concerning the interpretation or enforcement of these laws and regulations by courts or administrative or regulatory bodies. Moreover, as a result of the limited volume of published decisions to guide the interpretation and enforcement of Macau’s laws and regulations, their interpretation and application involve some uncertainty which may have a material adverse effect on our business development plans, financial condition, results of operations and cash flows. In addition, some of the existing laws and regulations were enacted during a different economic environment and stage of development, and may not sufficiently cover all aspects of our economic activities or address some of the challenges created by the complexity and scope of our projects in Macau. In the past, constraints in the legal framework relating to construction, building and zoning have adversely affected our ability to develop our integrated resorts, resulting in delays or additional costs and the need to liaise with regulatory authorities to resolve such issues.

Amendments or differing interpretations, or implementation of tax laws and regulations, may also adversely affect our profitability after tax. For example, the percentage of our gross gaming revenues that we must contribute annually as special levies to the Macau authorities is subject to change in 2010. These factors may have a material adverse effect on our business, financial condition, results of operations and cash flows. As some of these laws and regulations have not yet been applied by the Macau Government, the scope and enforcement of the provisions of Macau’s gaming regulatory system cannot be fully assessed at this time and a court or an administrative or regulatory body may in the future render an interpretation of these laws and regulations, or issue regulations, which differ from

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our interpretation. Any such adverse developments in the regulation of our operations could be difficult to comply with and significantly increase our costs, which could cause our projects to be unsuccessful.

Our activities in Macau are subject to administrative review and approval by various government agencies. We cannot assure you that we will be able to obtain all necessary approvals, which may materially affect our long-term business strategy and operations. Macau laws permit redress to the courts with respect to administrative actions; however, such redress is largely untested in relation to gaming issues.

Gaming is a highly regulated industry in Macau and adverse changes or developments in gaming laws or regulations could be difficult to comply with or significantly increase our costs.

The Macau Government has authority over the scope of permitted business activities and the corporate affairs of the concessionaires and subconcessionaires. As the gaming laws and regulation of Macau continue to develop and evolve, current laws, such as licensing requirements, tax rates and other regulatory obligations, including those for anti-money laundering, could change or become more stringent and result in additional regulations being imposed upon the gaming operations in our casinos or gaming areas. A court or administrative or regulatory body may also issue new or modified regulations that differ from our interpretation. Any such adverse developments in the regulation of the gaming industry could be difficult to comply with and significantly increase our costs, which could cause our existing operations and development projects to be unsuccessful.

Recently, the Macau Government announced its intention to review the size and growth of the Macau gaming industry, including the number of gaming tables currently in operation. In connection with this review, the Macau Government announced its intention to obtain scientific studies and research that would allow for a substantiated decision on this matter. If the Macau Government imposes a cap or any further limitation on the number of gaming tables, such restrictions may impact the number of gaming tables we may have at our future properties. In addition, we could face potential loss of gaming revenue and may not have sufficient tables to accommodate the number of gaming patrons visiting our properties or to generate sufficient revenues to sustain our operations. Because the Macau Government has yet to provide specific timelines and details on the proposed measures, we are currently unable to estimate the full extent of its impact on our operations.

The Macau Government also recently reiterated its intention to implement measures to raise the entry-age limit of casinos from 18 years old to 21 years old. If such age restrictions are put in place, the number of gaming patrons visiting our properties could be reduced. We would also need to ensure that our dealers and other gaming floor workers comply with such age limits, which could further restrict the pool of applicants for dealer positions in our casinos and gaming areas. See “Risk Factors—Risks Relating to Our On-going Operations—We depend on the continued services of key management personnel; and we may not be able to attract and retain professional staff necessary for our existing and future properties in Macau.”

Policies and measures adopted from time to time by the PRC government could materially and adversely affect our operations.

As we expect a significant number of customers to come to our Macau properties from mainland China, general economic conditions and policies in mainland China could have a significant impact on our business, financial condition, results of operations and cash flows. Any slowdown in economic growth or changes to mainland China’s current restrictions on travel and currency movements could result in a reduction in the number of visitors from mainland China to our properties in Macau, as well as the amounts visitors are willing and able to spend while at our properties. For example, in June 2008, news media began reporting that certain additional proposed restrictions were imposed on exit visa applicants for travel to Macau from mainland China by the Chinese authorities. Under the measures, residents of certain cities within mainland China are only allowed to apply for a visa once every two months, instead of once every two weeks. In addition, residents of mainland China visiting Hong Kong may no longer visit

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Macau on the same visa, but instead must obtain a separate visa for any visit to Macau. It is unclear whether these measures will continue to be in effect, or become more restrictive in the future.

Currently, the PRC government also maintains certain restrictions limiting the export of Renminbi outside of mainland China and restrictions on the amount of Renminbi that can be converted into foreign currency, including the pataca. These restrictions, and any future policy developments that may be implemented, may have the effect of reducing the number of visitors to Macau from mainland China. Such events could adversely impact tourism and the gaming industry in Macau and limit the amount of money that players from mainland China spend on gaming activities, thereby restricting the growth of the gaming industry in Macau and negatively impacting our business, financial condition and results of operations.

We face intense competition in the gaming industry in Macau, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

The gaming business in Macau is highly competitive. Our operations currently compete with numerous other casinos, gaming areas and resorts located in Macau, and we expect competition to increase in the near future from local and foreign casino operators. Many of our competitors have established gaming operations elsewhere, have a longer operating history, or may have greater financial and other resources than we do. In addition, we and many of our competitors in Macau are constructing or planning to construct additional casinos, gaming areas and resorts. The opening of additional casinos, gaming areas and resorts will result in a significant increase in gaming tables, VIP rooms, slot machines, hotel rooms and other entertainment and convention facilities, services and amenities. If these additional casinos or gaming areas fail to attract an incremental proportion of patrons, competition in Macau for existing customers will intensify and may lead to saturation of the Macau gaming industry. We cannot assure you that the increase in integrated resorts will lead to a corresponding increase in the number of customers, or in our revenue, or that we will be able to maintain or grow our market share in the future or otherwise compete effectively.

Our operations will also compete to some extent with casinos and integrated resorts located elsewhere in Asia, and elsewhere in the world. In addition, certain countries have legalized, and others may in the future legalize casino gaming. Gaming tax regimes may also be more favorable in certain jurisdictions, such as the Republic of Singapore, in which some of our competitors may operate, which would allow them to yield much higher gaming margins than us or provide their customers with more favorable terms. The proliferation of gaming venues in Southeast Asia and other regions could significantly and adversely affect our business, financial condition, results of operations and cash flows.

The Macau Government could grant additional rights to conduct gaming in the future, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We, through our subsidiary, VML, are one of six companies authorized by the Macau Government to conduct gaming activities in Macau. Pursuant to the terms of Law No. 16/2001, published in the Macau Official Gazette No. 39-I of September 24, 2001, the Macau Government was precluded from granting more than three gaming concessions. Under its concession contracts with Galaxy, SJM and Wynn Macau, the Macau Government also undertook not to grant any additional gaming concessions before April 1, 2009. If additional concessions or subconcessions are granted, we would face additional competition, which could cause us to lose market share and have a material adverse effect on our business, financial condition, results of operations and cash flows.

Exchange rates could change and increase our foreign currency risk.

Our functional currency is patacas. The pataca is pegged to the Hong Kong dollar, which in turn is pegged against the U.S. dollar. We cannot assure you that the Hong Kong dollar will remain pegged to the U.S. dollar and the pataca will remain pegged to the Hong Kong dollar. As such, our revenue or

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expenses derived from our operations may be subject to currency fluctuation risks which may have a material adverse effect on our business, financial condition, results of operations and cash flows. We do not currently hedge for foreign currency risk.

Macau's transportation infrastructure may not be adequate to support the development of Macau's gaming industry.

In order to service the increased number of visitors to Macau, several infrastructure projects have been announced, including the construction of the Hong Kong-Zhuhai-Macau Bridge, expansion of the Macau International Airport and construction of a light railway system, a new ferry terminal in Taipa and improved pedestrian walkways and boundary crossings. These projects are in various stages of planning or development and we cannot assure you that any of these projects will be approved or completed at the same pace as the proposed improvements in transportation infrastructure, or that they will be completed at all. If any of these infrastructure projects are delayed or not completed or Macau's transportation infrastructure is insufficient to meet the demands of an increased volume of visitors to Macau, the desirability of Macau as a gaming and tourist destination could be negatively impacted. Moreover, only a limited number of airlines have been able to successfully acquire concessions for airline routes to Macau. Failure to successfully implement improvements to Macau's transportation infrastructure may impede the expected increase in visitation to Macau and could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Macau is susceptible to typhoons that may disrupt operations and damage our properties.

In the event of a major typhoon or other natural disaster in Macau, our business may be disrupted and our results of operations could be adversely affected. We cannot assure you that our insurance coverage will be sufficient to fully indemnify us against all direct and indirect costs, including loss of business, that could result from substantial damage to, or partial or complete destruction of, our Macau properties or other damage to the infrastructure or economy of Macau as a result of such events.