

## SUMMARY

which any such events 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.

### **ANTI-MONEY LAUNDERING PROCEDURES, SYSTEMS AND CONTROLS**

The conclusion in PricewaterhouseCoopers Ltd.'s ("PwC Ltd.") report on the limited assurance engagement on VML's anti-money laundering internal control system states that, based on PwC Ltd.'s limited assurance engagement, nothing has come to PwC Ltd.'s attention that causes PwC Ltd. to believe that VML's anti-money laundering control procedures do not comply, in all material respects, with anti-money laundering statutes and guidelines for the period from July 1, 2007 to June 30, 2009. See "Summary of the Review of Anti-Money Laundering Procedures, Systems and Controls" in Appendix V to this prospectus for a full copy of this report. See also "Risk Factors—Risks Relating to Our On-going Operations—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," and "Risk Factors—Risks Relating to Our On-going Operations—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." VML is also implementing additional measures and procedures to continue to enhance its anti-money laundering internal control system.

member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise.

**(o) Accounts and audit**

The board shall cause true accounts to be kept of the sums of money received and expended by our Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of our Company and of all other matters required by the Cayman Companies Law or necessary to give a true and fair view of our Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of our Company except as conferred by law or authorized by the board or our Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before our Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of our Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the Listing Rules, our Company may send to such persons a summary financial statement derived from our Company's annual accounts and the Directors' report instead provided that any such person may by notice in writing served on our Company, demand that our Company sends to him, in addition to a summary financial statement, a complete printed copy of our Company's annual financial statement and the Directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by our Company in general meeting or in such manner as the members may determine.

The financial statements of our Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

**(p) Dividends and other methods of distribution**

Subject to the Cayman Companies Law, our Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of our Company, realized or unrealized, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of Share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any Share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the

Shares in respect whereof the dividend is paid but no amount paid up on a Share in advance of calls shall for this purpose be treated as paid up on the Share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any Shares all sums of money (if any) presently payable by him to our Company on account of calls or otherwise.

Whenever the board or our Company in general meeting has resolved that a dividend be paid or declared on the share capital of our Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of Shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of Shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. Our Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of our Company that it may be satisfied wholly in the form of an allotment of Shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of Shares may be paid by check or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of our Company in respect of the Shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such check or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such Shares, and shall be sent at his or their risk and payment of the check or warrant by the bank on which it is drawn shall constitute a good discharge to our Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the Shares held by such joint holders.

Whenever the board or our Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to our Company.

No dividend or other monies payable by our Company on or in respect of any Share shall bear interest against our Company.

**(q) Inspection of register of members**

Pursuant to the Articles the register and any branch register of members shall be open to inspection for at least two hours on every business day by members without charge. Any branch register held in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the directors may impose) be open to inspection by a member without charge and any other person on payment of such fee not exceeding HK\$2.50 (or such higher amount as may from time to time be permitted under the Listing Rules) as the directors may determine for each inspection.

**(r) Call on Shares and forfeiture of Shares**

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any moneys unpaid on the Shares held by them (whether on account of the nominal value of the Shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum at the rate of eight per cent. per annum from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the moneys uncalled and unpaid or installments payable upon any Shares held by him, and upon all or any of the moneys so advanced our Company may pay interest at such rate as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the Shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any Share in respect of which notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited Shares and not actually paid before the date of forfeiture.

A person whose Shares have been forfeited shall cease to be a member in respect of the forfeited Shares but shall, notwithstanding, remain liable to pay to our Company all moneys which, at the date of forfeiture, were payable by him to our Company in respect of the Shares, but this liability shall cease if and when our Company receives payment in full of the amount unpaid on the Shares forfeited.

**(s) Rights of the minorities in relation to fraud or oppression**

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of our Company under Cayman law, as summarized in paragraph 3(f) of this Appendix VI.

**(t) Procedures on liquidation**

A resolution that our Company be wound up by the court or be wound up voluntarily shall be a special resolution, except where our Company is to be wound up voluntarily because it is unable to pay its debts as they fall due. In such case the resolution shall be an ordinary resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of Shares (i) if our Company shall be wound up and the assets available for distribution amongst the members of our Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the Shares held by them respectively and (ii) if our Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the Shares held by them respectively.



If our Company shall be wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the authority of an ordinary resolution and any other sanction required by the Cayman Companies Law divide among the members in specie or kind the whole or any part of the assets of our Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any Shares or other property in respect of which there is a liability.

**(u) Untraceable members**

Pursuant to the Articles, our Company may sell any of the Shares of a member who is untraceable if (i) all checks or warrants in respect of dividends of the Shares in question (being not less than three in total number) for any sum payable in cash to the holder of such Shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, our Company has not during that time received any indication of the existence of the member; and (iii) our Company has caused an advertisement to be published in accordance with the Listing Rules giving notice of its intention to sell such Shares and a period of three months, or such shorter period as may be permitted by the Stock Exchange, has elapsed since the date of such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to our Company and upon receipt by our Company of such net proceeds, it shall become indebted to the former member of our Company for an amount equal to such net proceeds.

**(v) Subscription rights reserve**

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by our Company and our Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

**3. CAYMAN COMPANIES LAW**

Our Company is incorporated in the Cayman Islands subject to the Cayman Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman Islands company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman Islands company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

**(a) Operations**

As an exempted company, our Company's operations must be conducted mainly outside the Cayman Islands. Our Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

**(b) Share Capital**

The Cayman Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account." At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Cayman Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Law); (d) writing-off the preliminary expenses of the company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Cayman Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

The Memorandum and Articles of Association of our Company conditionally adopted on November 8, 2009 (the "Articles") include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

**(c) Financial Assistance to Purchase Shares of a Company or its Holding Company**

Subject to all applicable laws, our Company may give financial assistance to Directors and employees of our Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in our Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, our Company may give financial assistance to a trustee for the acquisition of Shares in our Company or shares in any such subsidiary or holding company to be held for the benefit of employees of our Company, its subsidiaries, any holding company of our Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the Directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

**(d) Purchase of Shares and Warrants by a Company and its Subsidiaries**

Subject to the provisions of the Cayman Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if

the articles of association do not authorize the manner or purchase, a company cannot purchase any of its own shares unless the manner of purchase has first been authorized by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the Directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

**(e) Dividends and Distributions**

With the exception of section 34 of the Cayman Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Cayman Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account.

**(f) Protection of Minorities**

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up. Or, as an alternative to a winding-up order, the Court may make the following orders: (a) an order regulating the conduct of the company's affairs in the future; (b) an order requiring the company to refrain from doing or continuing an act complained of by the petitioner or to do an act which the petitioner has complained it has omitted to do; (c) an order authorizing civil proceedings to be brought in the name of and on behalf of the company by the petitioner on such terms as the Court may direct; or (d) an order providing for the purchase of the shares of any members of the company by other members or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

**(g) Management**

The Cayman Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**(h) Accounting and Auditing Requirements**

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company. Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

**(i) Exchange Control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

**(j) Taxation**

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, our Company has obtained an undertaking from the Governor-in-Cabinet:

- (i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to our Company or its operations; and
- (ii) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of our Company.

The undertaking for our Company is for a period of 20 years from the date of issuance. The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

**(k) Stamp Duty on Transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

**(l) Loans to Directors**

There is no express provision in the Cayman Companies Law prohibiting the making of loans by a company to any of its directors.

**(m) Inspection of Corporate Records**

Members of our Company will have no general right under the Cayman Companies Law to inspect or obtain copies of the register of members or corporate records of our Company. They will, however, have such rights as may be set out in our Company's Articles.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. There is no requirement under the Cayman Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

**(n) Winding Up**

A company may be wound up by either an order of the Court, voluntarily or subject to the supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily (a) when the period (if any) fixed for the duration of the company by its memorandum or articles of association expires; (b) if the event (if any) occurs, on the occurrence of which the memorandum or articles of association provide that the company is to be wound up; (c) if the company resolves by special resolution that it be wound up voluntarily; or (d) if the company resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company shall from the commencement of its winding up, cease to carry on its business except so far as it may be beneficial for its winding up.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed one or more than one person to be called an official liquidator or official liquidators of our Company. The Court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person may qualify as an official liquidator if that person holds the qualifications specified in the Insolvency Practitioners Regulations of the Cayman Islands. The Court may appoint a foreign practitioner to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, unless one or more persons have been designated as liquidator or liquidators of the company in the company's memorandum and articles of association, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (pari passu if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation for it. At least 21 days before the meeting the liquidator must send a notice specifying the time, place and object of the meeting to each contributory in any manner authorized by the company's articles of association and published in the Cayman Islands Gazette.

<b>APPENDIX VI</b>	<b>SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES LAW</b>
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**(o) Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. While a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

**(p) Mergers and Consolidations**

The Cayman Companies Law provides that any two or more Cayman Islands companies limited by shares (other than segregated portfolio companies) may merge or consolidate in accordance with the Cayman Companies Law. The Cayman Companies Law also allows one or more Cayman Islands companies to merge or consolidate with one or more foreign companies (provided that the laws of the foreign jurisdiction permit such merger or consolidation), where the surviving or consolidated company will be a Cayman Islands company.

To effect a merger or consolidation the directors of each constituent company must approve a written plan of merger or consolidation in accordance with the Cayman Companies Law. The Plan must then be authorized by each constituent company by a shareholder resolution by a majority in number representing 75% in value of the shareholders voting together as one class. If the shares to be issued to each shareholder in the consolidated or surviving company are to have the same rights and economic value as the shares held in the constituent company, the plan must be authorized by each constituent company by a special resolution of the shareholders voting together as one class.

Where a parent is merging with one or more of its Cayman Islands subsidiaries, shareholder consent is not required.

**(q) Compulsory Acquisition**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than ninety per cent of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

**(r) Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

**4. GENERAL**

Walkers, our Company's legal counsel on Cayman Islands law, have sent to our Company a letter of advice summarizing certain aspects of the Cayman Companies Law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the paragraph

headed "Documents delivered to the Registrar of Companies and Available for Inspection" in Appendix VIII to this prospectus. Any person wishing to have a detailed summary of the Cayman Companies Law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.



**A. FURTHER INFORMATION ABOUT OUR GROUP****1. Incorporation of Our Company**

We were incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on July 15, 2009. We have established a principal place of business in Hong Kong at Level 39, One Exchange Square, 8 Connaught Place, Central, Hong Kong and were registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance on October 8, 2009. Steven Craig Jacob and Luis Nuno Mesquita de Melo have been appointed the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As we are incorporated in the Cayman Islands, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the Cayman Islands. A summary of the relevant laws and regulations of the Cayman Islands and of the Articles of Association is set out in "Summary of the Constitution of Our Company and Cayman Companies Law" in Appendix VI to this prospectus.

**2. Changes in the Share Capital of Our Company**

As of the date of our incorporation, our initial authorized share capital was US\$50,000 divided into 5,000,000 Shares of US\$0.01 each.

On July 15, 2009, 1 share with the par value of US\$0.01 was issued to Walkers Nominees Limited. This share was transferred to VVDI (II) on July 16, 2009.

On November 8, 2009, our authorized share capital was increased from US\$50,000 to US\$160,000,000 divided into 16,000,000,000 Shares of US\$0.01 each.

Immediately following the completion of the Global Offering, the Capitalization Issue and the mandatory and automatic exchange of the Bonds for Shares, the issued share capital of our Company will be US\$80,478,587 divided into 8,047,858,661 Shares, all fully paid or credited as fully paid and 7,952,141,339 Shares will remain unissued (assuming the Offer Price is HK\$10.38) and US\$79,222,978 divided into 7,922,297,822 Shares, all fully paid or credited as fully paid and 8,077,702,178 Shares will remain unissued (assuming the Offer Price is HK\$13.88), respectively.

There is no intention to issue any of the authorized but unissued share capital of our Company and, without the prior approval of the Shareholders in general meeting.

Save for aforesaid and as mentioned in "—Resolutions in Writing of the Sole Shareholder of Our Company Passed on November 8, 2009" below, there has been no alteration in the share capital of our Company since its incorporation.

**3. Resolutions in Writing of the Sole Shareholder of Our Company Passed on November 8, 2009**

Pursuant to the written resolutions passed by the sole Shareholder of our Company on November 8, 2009, amongst others:

- (a) our Company approved and adopted the Articles of Association conditional upon Listing;
- (b) the authorized share capital of our Company was increased from US\$50,000 to US\$160,000,000 by the creation of an additional 15,995,000,000 Shares;
- (c) conditional on (1) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including any additional Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme), (2) the Offer Price being fixed on the Price Determination Date, (3) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements and (4) the Selling Shareholder agreeing to sell the Sale Shares:
  - (i) the Global Offering was approved and the Directors were authorized to allot and issue the new Shares under the Global Offering;

- (ii) the Over-allotment Option was approved;
- (iii) the Share Option Scheme be approved and adopted;
- (iv) subject to the share premium account of our Company being credited by an amount of not less than US\$62,800,000 as a result of the issue of the Offer Shares pursuant to the Global Offering, the Directors were authorized to allot and issue a total of 6,279,999,999 Shares credited as fully paid at par to VVDI (II) whose name appears on the register of members of our Company at the close of business on the date of this prospectus in proportion to its shareholding by capitalizing the said sum of US\$62,800,000 standing to the credit of the share premium account of our Company, of which a portion of such Shares will be allotted and issued to CDC (at VVDI (II)'s direction) pursuant to the CDC Settlement. The Shares allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares;
- (v) the allotment and issuance of Shares to the Bondholders upon conversion of the intercompany shareholder's loan from VVDI (II) to our Company;
- (vi) a general unconditional mandate was given to the Directors to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to the grant of options under the Share Option Scheme or other similar arrangement or pursuant to a specific authority granted by our Shareholders in general meeting, Shares with a total nominal value not exceeding 20.0% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering, the Capitalization Issue, and the mandatory and automatic exchange of the Bonds for Shares such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first;
- (vii) a general unconditional mandate (the "Repurchase Mandate") was given to the Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10.0% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering, the Capitalization Issue and the mandatory and automatic exchange of the Bonds for Shares such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first; and
- (viii) the Repurchase Mandate mentioned in paragraph (vii) above be extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (vii) above.

#### 4. Corporate Reorganization

The companies comprising our Group underwent the Reorganization in preparation for the Listing. Please refer to the section "History and Reorganization" for further details.

## 5. Changes in the Share Capital of Subsidiaries

Our Company's subsidiaries are referred to in the Accountant's Report, the text of which is set out in Appendix I to this prospectus. Save for the subsidiaries mentioned in Appendix I to this prospectus, our Company has no other subsidiaries.

There has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

## 6. Repurchases of Our Own Securities

### (a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

#### (i) *Shareholders' approval*

All proposed repurchases of Shares (which must be fully paid up) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our then sole Shareholder on November 8, 2009, the Repurchase Mandate was given to the Directors authorizing any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of not more than 10.0% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of the Global Offering, the Capitalization Issue and the mandatory and automatic exchange of the Bonds for Shares (without taking into account our Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), such mandate to expire at the conclusion of our next annual general meeting, the date by which our next annual general meeting is required by the Cayman Companies Law or by our Articles or any other applicable laws of the Cayman Islands to be held or when revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever first occurs.

#### (ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with our Articles and the applicable laws and regulations of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Any purchase by our Company may be made out of the profits of our Company or out of a fresh issue of Shares made for the purpose of the purchase or, subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Cayman Companies Law, out of capital.

#### (iii) *Trading restrictions*

The total number of Shares which our Company may repurchase is up to 10.0% of the total number of our Shares in issue immediately following the completion of the Global Offering, the Capitalization Issue and the mandatory and automatic exchange of the Bonds for Shares (without taking into account our Shares which may be issued

pursuant to the exercise of any options which may be granted under the Share Option Scheme). Our Company may not issue or announce a proposed issue of Shares for a period of 30 days immediately following a repurchase of Shares, without the prior approval of the Stock Exchange. In addition, subject to the then prevailing requirements of the Listing Rules from time to time, repurchases of Shares on the Stock Exchange in any calendar month are limited to a maximum of 25.0% of the trading volume of Shares on the Stock Exchange in the immediately preceding calendar month. Our Company is also prohibited from repurchasing Shares on the Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. Our Company is required to procure that the broker appointed by our Company to effect a repurchase of Shares discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require. As required by the prevailing requirements of the Listing Rules, an issuer shall not purchase its shares on the Stock Exchange if the purchase price is higher by 5.0% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

(iv) *Status of repurchased Shares*

All repurchased Shares (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those Shares must be cancelled and destroyed. Under Cayman Companies Law, a company's repurchased shares shall be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate value of the repurchased shares accordingly although the authorized share capital of the company will not be reduced.

(v) *Suspension of repurchase*

Pursuant to the Listing Rules, our Company may not make any repurchase of Shares after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, under the requirements of the Listing Rules in force as of the date hereof, during the period of one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for our Company to publish an announcement of our Company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and in each case ending on the date of the results announcement, our Company may not repurchase Shares on the Stock Exchange unless the circumstances are exceptional.

(vi) *Procedural and reporting requirements*

As required by the Listing Rules, repurchases of Shares on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Stock Exchange business day following any day on which our Company may make a purchase of Shares. The report must state the total number of Shares purchased the previous day, the purchase price per Share or the highest and lowest prices paid for such purchases. In addition, our Company's annual report is required to disclose details regarding repurchases of Shares made during the year, including a monthly analysis of the

number of shares repurchased, the purchase price per Share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

*(vii) Connected parties*

A company is prohibited from knowingly repurchasing securities on the Stock Exchange from a connected person and a connected person shall not knowingly sell its securities to the company on the Stock Exchange.

**(b) Reasons for repurchases**

The Directors believe that it is in the best interests of our Company and Shareholders for the Directors to have general authority from the Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Directors believe that such repurchases will benefit our Company and our Shareholders.

**(c) Funding of repurchases**

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of the current financial position as disclosed in this prospectus and taking into account the current working capital position, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Company as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Company which in the opinion of the Directors are from time to time appropriate for our Company.

The exercise in full of the Repurchase Mandate, on the basis of 8,047,858,661 Shares (assuming the Offer Price is HK\$10.38) and 7,922,297,822 Shares (assuming the Offer Price is HK\$13.88), respectively, in issue immediately following the completion of the Global Offering, the Capitalization Issue and the mandatory and automatic exchange of the Bonds for Shares, could accordingly result in 804,785,866 Shares (assuming the Offer Price is HK\$10.38) and 792,229,782 Shares (assuming the Offer Price is HK\$13.88), respectively, being repurchased by our Company during the period prior to (1) the conclusion of the next annual general meeting of our Company; (2) the expiration of the period within which the next annual general meeting of our Company is required by Cayman Companies Law or the Articles or any applicable laws of the Cayman Islands to be held; or (3) the revocation or variation of the purchase mandate by an ordinary resolution of our Shareholders in a general meeting, whichever occurs first (the "Relevant Period").

**(d) General**

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands.

If, as a result of any repurchase of Shares, a shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for

the purposes of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 15.0% of our Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No connected person has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

## B. FURTHER INFORMATION ABOUT OUR BUSINESS

### 1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this prospectus that are or may be material:

- (i) the dual currency term secured facility agreement (the "Secured Facility Agreement") dated January 17, 2008 entered into between Cotai Ferry (as borrower), Banco Nacional Ultramarino S.A. (as lender, agent and on-shore security trustee) (the "Lender"), Cotai Waterjets (HK), Cotaijet 311 Ltd., Cotaijet 312 Ltd., Cotaijet 313 Ltd., Cotaijet 314 Ltd., Cotaijet 315 Ltd., Cotaijet 316 Ltd., Cotaijet 317 Ltd., Cotaijet 318 Ltd., Cotaijet 319 Ltd., and Cotaijet 320 Ltd. (each as an original guarantor) and The Bank of Nova Scotia (as off-shore security trustee) pursuant to which the Lender made available to Cotai Ferry the dual currency term loan facility in an aggregate amount equal to HK\$1,209.0 million (the "Commitment") with an option to increase the Commitment by an additional HK\$1,209.0 million (the "Accordion Option");
- (ii) the supplemental agreement to the Secured Facility Agreement (the "Supplemental Accordion Agreement") dated July 22, 2008 entered into between Cotai Ferry (as borrower), Banco Nacional Ultramarino S.A. (as lender, arranger, agent and on-shore security trustee) (the "Lender"), Bank of China Limited, Macau Branch (as additional lender) (the "Additional Lender"), Cotai Waterjets (HK), Cotaijet 311 Ltd., Cotaijet 312 Ltd., Cotaijet 313 Ltd., Cotaijet 314 Ltd., Cotaijet 315 Ltd., Cotaijet 316 Ltd., Cotaijet 317 Ltd., Cotaijet 318 Ltd., Cotaijet 319 Ltd., and Cotaijet 320 Ltd. (each as an original guarantor), Cotaijet Holdings, Cotaijet 350 Ltd., Cotaijet 351 Ltd., Cotaijet 352 Ltd., and Cotaijet 353 Ltd. (each as an additional guarantor) and The Bank of Nova Scotia (as off-shore security trustee) pursuant to which the Additional Lender increased the Commitment by HK\$561.6 million as a result of the exercise of the Accordion Option by Cotai Ferry;
- (iii) the amendment to the land concession for Parcels 1, 2 and 3 dated October 24, 2008 entered into between the Macau Government and VCL as announced by the Macau Government Gazette dated October 29, 2008 pursuant to which the land areas for Parcels 1 and 2 have been changed to 291,479 square meters and 53,700 square meters, respectively;
- (iv) the addendum to the Secured Facility Agreement and the Supplemental Accordion Agreement dated August 20, 2009 entered into between Cotai Ferry (as borrower), Banco Nacional Ultramarino S.A. and Bank of China Limited, Macau Branch (as lenders), Banco Nacional Ultramarino S.A. (as agent), Cotai Waterjets (HK), Cotaijet 311 Ltd., Cotaijet 312 Ltd., Cotaijet 313 Ltd., Cotaijet 314 Ltd., Cotaijet 315 Ltd., Cotaijet 316 Ltd., Cotaijet 317



Ltd., Cotaijet 318 Ltd., Cotaijet 319 Ltd., and Cotaijet 320 Ltd. (each as an original guarantor), Cotaijet Holdings, Cotaijet 350 Ltd., Cotaijet 351 Ltd., Cotaijet 352 Ltd., and Cotaijet 353 Ltd. (each as an additional guarantor) pursuant to which amendments were made to certain terms of the Security Facility Agreement and the Supplemental Accord on Agreement.

- (v) the second amendment to credit agreement dated August 12, 2009 entered into between VML US Finance LLC (as borrower), VML, The Bank of Nova Scotia (as administrative agent for the lenders) and a syndicate of lenders pursuant to which certain provisions of the original credit agreement dated May 25, 2006 entered into between VML US Finance LLC, VML, the Bank of Nova Scotia, Goldman Sachs Credit Partners L.P., Lehman Brothers Inc. and Citigroup Global Markets Inc, Banco Nacional Ultramarino S.A. and Sumitomo Mitsui Banking Corporation were amended.
- (vi) the sale and purchase agreement dated September 2, 2009 entered into between VVDI (I) and VVDIL pursuant to which VVDI (I) agreed to sell and VVDIL agreed to purchase (i) the entire issued share capital of Cotai WaterJets (HK) at a consideration of HK\$1.00; and (ii) the entire issued share capital of CotaiJet Holdings at a consideration of HK\$1.00;
- (vii) the deed of subordination dated September 4, 2009 entered into between Citicorp International Limited in its capacity as trustee of the Bondholders (as senior creditors) (the "Senior Creditors"), LVS, Las Vegas Sands, LLC, Venetian Casino Resort, LLC and Venetian Marketing, Inc. (as subordinated creditors) (the "Subordinated Creditors"), and VVDI (II), VVDIL, VML, VCL, VML US Finance LLC, Venetian Macau Finance Company, the Company, Cotai Ferry, Venetian Orient Limited, Venetian Travel Limited and Venetian Retail Limited (the "Companies") pursuant to which each of the Subordinated Creditors agreed to subordinate the intercompany and shareholders' loans made available by the Subordinated Creditors to the Companies to moneys, liabilities and, obligations due under the Bonds;
- (viii) the promissory note dated September 4, 2009 entered into between our Company (as maker) and VVDI(II) (as payee) for the principal amount of US\$582.0 million plus the aggregate unpaid amount of capitalized interest; and
- (ix) the sale and purchase agreement dated September 28, 2009 entered into between VVDIL and VVDI (I) pursuant to which VVDIL agreed to sell and VVDI (I) agreed to purchase the entire issued share capital of World Sourcing at a consideration of HK\$4,838,000;
- (x) the sale and purchase agreement dated September 28, 2009 entered into between VVDIL and VVDI (I) pursuant to which VVDIL agreed to sell and VVDI (I) agreed to purchase the entire issued share capital of Venetian Global at a consideration of US\$1.00;
- (xi) the share transfer form dated November 9, 2009 entered into between VVDI (II) and our Company pursuant to which VVDI (II) agreed to transfer by means of contribution to our Company one share of VVDIL, representing the entire issued share capital of VVDIL for nil consideration;
- (xii) the novated and restated subordinated promissory note dated November 9, 2009 entered into between the Company (as maker), Las Vegas Sands, LLC (as payee) and VCL pursuant to which the second amended and restated subordinated promissory note dated March 27, 2006 entered into between VML (as maker) and Las Vegas Sands, LLC (as payee), as assigned by VML to VCL pursuant to the transfer, assignment and assumption agreement dated December 29, 2006, was amended such that the repayment obligation of the principal amount of US\$60,804,718.46 (including accrued and unpaid interest through such date) million owed by VCL to Las Vegas Sands, LLC was assigned to and assumed by our Company;
- (xiii) the novated and restated promissory note dated November 9, 2009 entered into between the Company (as maker), LVS (as payee) and VCL, pursuant to which the amended and restated promissory note dated May 18, 2006 entered into between VML and Venetian Macau Finance Company (both as makers) and LVS (as payee), as assigned by VML and Venetian Macau Finance Company to VCL pursuant to the transfer, assignment and









assumption agreement dated December 29, 2006, was amended such that the repayment obligation of the principal amount of US\$75,505,477.70 (including accrued and unpaid interest through such date) owed by VCL to LVS was assigned to and assumed by our Company;

- (xiv) the novated and restated subordinated promissory note dated November 9, 2009 entered into between our Company (as maker), LVS (as payee) and VML US Finance LLC pursuant to which the subordinated promissory note dated June 24, 2009 entered into between VML US Finance LLC (as maker) and LVS (as payee) was amended such that the repayment obligation of the principal amount of US\$20,158,484.64 (including accrued and unpaid interest through such date) million owed by VML US Finance LLC to LVS was assigned to and assumed by our Company;
- (xv) the novated and restated subordinated promissory note dated November 9, 2009 entered into between our Company (as maker), LVS (as payee) and VML US Finance LLC pursuant to which the subordinated promissory note dated December 28, 2008 entered into between VML US Finance LLC (as maker) and LVS (as payee) was amended such that the repayment obligation of the principal amount of US\$20,382,312.16 (including accrued and unpaid interest through such date) million owed by VML US Finance LLC to LVS was assigned to and assumed by our Company;
- (xvi) the Non-Competition Deed;
- (xvii) the Shared Services Agreement;
- (xviii) the Second Trademark Sub-License Agreement; and
- (xix) the Hong Kong Underwriting Agreement.




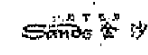






## 2. Intellectual Property Rights of Our Group

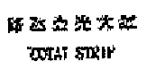

- (a) As of the Latest Practicable Date, the following trademarks, which were material in relation to the Group's business, were licensed to our Group:

Material Trademark	Registered Owner	Class	Validity Period	Registration No.	Place of Registration
The PAIZA (Note 1)	LAS VEGAS SANDS CORP.	41	November 5, 2003 – November 5, 2010	N/11820	Macau
The PAIZA CLUB (Note 1)	LAS VEGAS SANDS CORP.	41	November 5, 2003 – November 5, 2010	N/11821	Macau
 (Note 1)	LAS VEGAS SANDS CORP.	42	December 7, 2005 – December 7, 2012	N/18227	Macau
 (Note 1)	LAS VEGAS SANDS CORP.	35, 41, 42	February 10, 2003 – February 10, 2017	N/10488 (cl 35) N/10489 (cl 41) N/10490 (cl 42)	Macau
 (Note 1)	LAS VEGAS SANDS CORP.	35, 41, 42	February 10, 2003 – February 10, 2017	N/10491 (cl 35) N/10492 (cl 41) N/10493 (cl 42)	Macau
 (Note 1)	LAS VEGAS SANDS CORP.	35, 41, 42	February 10, 2003 – February 10, 2017	N/10494 (cl 35) N/10495 (cl 41) N/10496 (cl 42)	Macau
U PIN 御匾 (Note 1)	LAS VEGAS SANDS CORP.	41	November 5, 2003 – November 5, 2010	N/11822	Macau
U PIN KOI LOK POU 御匾俱樂部 (Note 1)	LAS VEGAS SANDS CORP.	41	February 5, 2004 – February 5, 2011	N/11823	Macau
 (Note 1)	LAS VEGAS SANDS CORP.	35, 41, 42	January 10, 2003 – January 10, 2017	N/10380 (cl 35) N/10381 (cl 41) N/10408 (cl 42)	Macau
 (Note 1)	LAS VEGAS SANDS CORP.	35, 41, 42	January 10, 2003 – January 10, 2017	N/10382 (cl 35) N/10383 (cl 41) N/10384 (cl 42)	Macau
LAS VEGAS SANDS (Note 1)	LAS VEGAS SANDS CORP.	35, 41, 42	January 10, 2003 – January 10, 2017	N/10385 (cl 35) N/10386 (cl 41) N/10387 (cl 42)	Macau
LAS VEGAS SANDS INC. (Note 1)	LAS VEGAS SANDS CORP.	35, 41, 42	January 10, 2003 – January 10, 2017	N/10388 (cl 35) N/10389 (cl 41) N/10390 (cl 42)	Macau
SANDS CASINO (Note 1)	LAS VEGAS SANDS CORP.	35, 41, 42	January 10, 2003 – January 10, 2017	N/10391 (cl 35) N/10393 (cl 41) N/10395 (cl 42)	Macau
SANDS (Note 1)	LAS VEGAS SANDS CORP.	35, 41, 42	January 10, 2003 – January 10, 2017	N/10396 (cl 35) N/10397 (cl 41) N/10398 (cl 42)	Macau

## APPENDIX VII

## STATUTORY AND GENERAL INFORMATION













Material Trademark	Registered Owner	Class	Validity Period	Registration No.	Place of Registration
 (Note 1)	LAS VEGAS SANDS CORP.	35, 41, 42	February 5, 2004 – February 5, 2011	N/12408 (cl 35) N/12407 (cl 41) N/12406 (cl 42)	Macau
 (Note 1)	LAS VEGAS SANDS CORP.	35, 41, 42	February 5, 2004 – February 5, 2011	N/12411 (cl 35) N/12410 (cl 41) N/12409 (cl 42)	Macau
 (Note 1)	LAS VEGAS SANDS CORP.	35, 41, 42	May 11, 2004 – May 11, 2011	N/13008 (cl 35) N/13010 (cl 41) N/13009 (cl 42)	Macau
 (Note 1)	LAS VEGAS SANDS CORP.	35, 41, 42	May 11, 2004 – May 11, 2011	N/13011 (cl 35) N/13012 (cl 41) N/13013 (cl 42)	Macau
THE VENETIAN (Note 1)	LAS VEGAS SANDS CORP.	35, 41, 42	January 10, 2003 – January 10, 2017	N/10399 (cl 35) N/10400 (cl 41) N/10401 (cl 42)	Macau
VENETIAN (Note 1)	LAS VEGAS SANDS CORP.	35, 41, 42	January 10, 2003 – January 10, 2017	N/10402 (cl 35) N/10403 (cl 41) N/10404 (cl 42)	Macau
THE VENETIAN RESORT HOTEL CASINO (Note 1)	LAS VEGAS SANDS CORP.	35, 41, 42	January 10, 2003 – January 10, 2017	N/10405 (cl 35) N/10406 (cl 41) N/10407 (cl 42)	Macau
 (Note 1)	LAS VEGAS SANDS CORP.	35, 41, 42	January 10, 2003 – January 10, 2017	N/10409 (cl 35) N/10410 (cl 41) N/10411 (cl 42)	Macau
 (Note 1)	LAS VEGAS SANDS CORP.	35, 41, 42	January 10, 2003 – January 10, 2017	N/10412 (cl 35) N/10413 (cl 41) N/10414 (cl 42)	Macau
 (Note 1)	LAS VEGAS SANDS CORP.	35, 41, 42	February 10, 2003 – February 10, 2017	N/10485 (cl 35) N/10486 (cl 41) N/10487 (cl 42)	Macau
 (Note 2)	LAS VEGAS SANDS CORP.	39	May 30, 2007 – May 30, 2014	N/25968	Macau
 (Note 2)	LAS VEGAS SANDS CORP.	39	May 30, 2007 – May 30, 2014	N/25969	Macau
 (Note 2)	LAS VEGAS SANDS CORP.	39	May 30, 2007 – May 30, 2014	N/25972	Macau

Material Trademark	Registered Owner	Class	Validity Period	Registration No.	Place of Registration
 COTAI STRIP (Note 3)	LAS VEGAS SANDS CORP.	3, 14, 16, 18, 32, 33, 34, 35, 36, 37, 39, 41, 42	November 22, 2005 – November 22, 2012	N/16216 (cl 3)	Macau
				N/16217 (cl 14)	
				N/16218 (cl 16)	
				N/16219 (cl 18)	
				N/16220 (cl 32)	
				N/16221 (cl 33)	
				N/16222 (cl 34)	
				N/16223 (cl 35)	
				N/16224 (cl 36)	
				N/16225 (cl 37)	
				N/16226 (cl 39)	
				N/16227 (cl 41)	
				N/16228 (cl 42)	
COTAI STRIP 路氹金光大道	LAS VEGAS SANDS CORP.	3, 6, 9, 14, 18, 20, 21, 25, 28, 32, 33, 34	May 8, 2006 – May 8, 2013	N/16440 (cl 3)	Macau
				N/16441 (cl 6)	
				N/16442 (cl 9)	
				N/16443 (cl 14)	
				N/16444 (cl 18)	
				N/16445 (cl 20)	
				N/16446 (cl 21)	
				N/16447 (cl 25)	
				N/16448 (cl 28)	
				N/16449 (cl 32)	
				N/16450 (cl 33)	
				N/16451 (cl 34)	
				N/16452 (cl 35)	
				N/16453 (cl 39)	
				N/16454 (cl 41)	
				N/16455 (cl 42)	
路氹大道	LAS VEGAS SANDS CORP.	39, 41, 43	December 14, 2008 – December 13, 2018	4634588 (cl 39)	China
				4634589 (cl 41)	
				4634590 (cl 43)	
路氹大道	LAS VEGAS SANDS CORP.	39, 41, 43	December 14, 2008 – December 13, 2018	4634315 (cl 39)	China
				4634316 (cl 41)	
				4634587 (cl 43)	
 (Note 4)	LAS VEGAS SANDS CORP.	35, 41	May 28, 2004 – May 27, 2014	3330106 (cl 35)	China
			December 21, 2007 – December 20, 2017	3395912 (cl 41)	China
COTAI STRIP	LAS VEGAS SANDS CORP.	3, 6, 9, 14, 18, 20, 21, 25, 28, 32, 33, 34, 35, 44	March 17, 2005 – March 16, 2015	300387856AA	Hong Kong
* 路氹金光大道	LAS VEGAS	36, 39, 41,	August 3, 2005 –	300470114	Hong Kong
* 路氹金光大道	SANDS CORP.	43, 44	August 2, 2015		

## APPENDIX VII

## STATUTORY AND GENERAL INFORMATION

Material Trademark	Registered Owner	Class	Validity Period	Registration No.	Place of Registration
COTAI STRIP	LAS VEGAS SANDS CORP.	39, 41, 43, 44	August 16, 2006 – August 15, 2016	01224632	Taiwan
COTAI STRIP	LAS VEGAS SANDS CORP.	35, 36	July 16, 2009 – July 15, 2019	01371323	Taiwan
COTAI STRIP	LAS VEGAS SANDS CORP.	3, 6, 9, 14, 18, 20, 21, 25, 28, 32, 33, 34, 35, 39, 41, 43, 44, 45	June 28, 2008 – June 27, 2018	4546182 (cl 03)	China
			December 21, 2007 – December 20, 2017	4546183 (cl 06)	
			December 21, 2007 – December 20, 2017	4546186 (cl 09)	
			July 21, 2008 – July 20, 2018	4546190 (cl 14)	
			November 28, 2008 – November 27, 2018	4546175 (cl 18)	
			July 14, 2008 – July 13, 2018	4546174 (cl 20)	
			July 28, 2008 – July 27, 2018	4546173 (cl 21)	
			November 28, 2008 – November 27, 2018	4546172 (cl 25)	
			January 28, 2009 – January 27, 2019	4546171 (cl 28)	
			October 28, 2007 – October 27, 2017	4546185 (cl 32)	
			October 28, 2007 – October 27, 2017	4546170 (cl 33)	
			October 28, 2007 – October 27, 2017	4546169 (cl 34)	
			October 7, 2008 – October 6, 2018	4546189 (cl 35)	
			October 7, 2008 – October 6, 2018	4546191 (cl 39)	
			October 7, 2008 – October 6, 2018	4546168 (cl 41)	
			October 7, 2008 – October 6, 2018	4546167 (cl 43)	
			October 7, 2008 – October 6, 2018	4546166 (cl 44)	
			October 7, 2008 – October 6, 2018	4546160 (cl 45)	
SANDS	LAS VEGAS SANDS CORP.	39, 41, 43, 45	April 29, 2008 – April 28, 2018	301104380	Hong Kong

Material Trademark	Registered Owner	Class	Validity Period	Registration No.	Place of Registration
	LAS VEGAS SANDS CORP.	39, 41, 43, 45	May 2, 2008 – May 1, 2018	301108025	Hong Kong
	LAS VEGAS SANDS CORP.	35, 39, 41, 43	February 6, 2008 – February 5, 2018	301048130	Hong Kong
	LAS VEGAS SANDS CORP.	35, 39, 41, 43	April 29, 2008 – April 28, 2018	301104353	Hong Kong
	LAS VEGAS SANDS CORP.	36, 39, 41, 43, 44	August 3, 2005 – August 2, 2015	300470141	Hong Kong
					
	LAS VEGAS SANDS CORP.	36, 39, 41, 43, 44	August 3, 2005 – August 2, 2015	300470132	Hong Kong
					
	LAS VEGAS SANDS CORP.	3, 6, 9, 14, 16, 18, 20, 21, 25, 28, 29, 30, 34, 39, 41, 43, 44, 45	January 7, 2008 – January 6, 2018	301026666	Hong Kong
THE VENETIAN	LAS VEGAS SANDS CORP.	3, 6, 9, 14, 16, 18, 20, 21, 25, 28, 29, 30, 34, 35, 44, 45	July 16, 2009 – July 15, 2019	01371211	Taiwan
THE VENETIAN	LAS VEGAS SANDS CORP.	36, 39, 41, 43	February 16, 2009 – February 15, 2019	01351223	Taiwan
	LAS VEGAS SANDS CORP.	36, 39, 41, 43	February 16, 2009 – February 15, 2019	01351220	Taiwan
	LAS VEGAS SANDS CORP.	3, 9, 16, 18, 21, 25, 28	June 1, 2009 – May 31, 2019	01365514	Taiwan
	LAS VEGAS SANDS CORP.	36, 39, 41, 43	February 16, 2009 – February 15, 2019	01351221	Taiwan
	LAS VEGAS SANDS CORP.	3, 6, 9, 14, 16, 18, 20, 21, 25, 28, 29, 30, 34, 35, 44, 45	July 1, 2009 – June 30, 2019	01369258	Taiwan

Material Trademark	Registered Owner	Class	Validity Period	Registration No.	Place of Registration
	LAS VEGAS SANDS CORP.	36, 39, 41, 43	February 16, 2009 – February 15, 2019	01351222	Taiwan
PAIZA	LAS VEGAS SANDS CORP.	3, 16, 21, 25, 34, 41, 43, 45	August 13, 2007 – August 12, 2017	300933282	Hong Kong
	LAS VEGAS SANDS CORP.	3, 16, 21, 25, 34, 41, 43, 45	August 13, 2007 – August 12, 2017	300933273	Hong Kong
GRAND CANAL SHOPS	LAS VEGAS SANDS CORP.	35, 36, 41	August 3, 2005 – August 2, 2015	300470123	Hong Kong
* 大運河購物中心 * 大運河購物中心	LAS VEGAS SANDS CORP.	16, 35, 41, 43, 44	April 29, 2008 – April 28, 2018	301104371	Hong Kong
A. 	LAS VEGAS SANDS CORP.	9, 12, 16, 18, 20, 21, 35, 39, 41, 43	September 3, 2008 – September 2, 2018	301194543	Hong Kong
B. 					
大運河	LAS VEGAS SANDS CORP.	12	August 24, 2009 – August 24, 2016	N/35268	Macau
大運河	LAS VEGAS SANDS CORP.	12	August 24, 2009 – August 24, 2016	N/35274	Macau
大運河購物	LAS VEGAS SANDS CORP.	12	August 24, 2009 – August 24, 2016	N/35280	Macau
大運河購物	LAS VEGAS SANDS CORP.	12	August 24, 2009 – August 24, 2016	N/35283	Macau
THE GRAND CANAL SHOPS	LAS VEGAS SANDS CORP.	12	August 24, 2009 – August 24, 2016	N/35294	Macau

Note 1: This trademark registration is subject to an assignment agreement between Venetian Macao Limited and Las Vegas Sands Corp., executed by the parties and made effective on or about November 6, 2009 and to be recorded with the Intellectual Property Department of Macao Economic Services.

Note 2: This trademark registration is subject to an assignment agreement between Venetian Travel Limited and Las Vegas Sands Corp., executed by the parties and made effective on or about November 6, 2009 and to be recorded with the Intellectual Property Department of Macao Economic Services.













Note 3: This trademark registration is subject to an assignment agreement between Venetian Cotai Limited and Las Vegas Sands Corp., executed by the parties and made effective on or about November 6, 2009 and to be recorded with the Intellectual Property Department of Macao Economic Services.

Note 4: This trademark registration is subject to (i) an assignment agreement between Venetian Hotel Operations, LLC (formerly known as Grand Canal Shops Mall Construction, LLC) and Venetian Casino Resort, LLC; and (ii) a subsequent assignment agreement between Venetian Casino Resort, LLC and Las Vegas Sands Corp., both executed by the parties and made effective on or about October 26, 2009 and to be recorded with the Trademark Office of the State Administration for Industry and Commerce of the PRC.

The Group is also licensed to use marks similar to the ones disclosed above which are registered or under application in countries outside the Restricted Zone; for the purpose of marketing its businesses within the Restricted Zone.

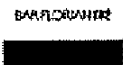

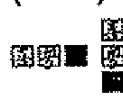


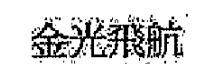
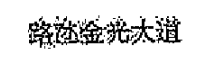
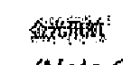
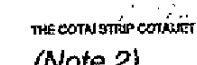
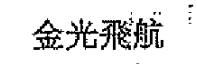
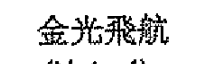



(b) As of the Latest Practicable Date, the following trademarks, which were material in relation to the Group's business, were owned by our Group:

Material Trademark	Registered Owner	Class	Validity Period	Registration No.	Place of Registration
COTAI PLAZA CASINO (Note 1)	Venetian Macau Limited	12	July 10, 2008 – July 9, 2018	301157085	Hong Kong
COTAI PLAZA CASINO (Note 1)	Venetian Macau Limited	41	January 9, 2008 – January 8, 2018	301028411	Hong Kong
COTAI STRIP TRAVEL	Venetian Travel Limited	39	July 30, 2007 – July 30, 2014	N/25980	Macau
COTAI TRAVEL	Venetian Travel Limited	39	February 2, 2009 – February 2, 2016	N/25978	Macau
	Venetian Macau Limited	41	December 7, 2005 – December 7, 2012	N/18228	Macau
	Venetian Macau Limited	42	May 11, 2004 – May 11, 2011	N/12909	Macau
	Venetian Macau Limited	42	May 11, 2004 – May 11, 2011	N/12910	Macau
	Venetian Macau Limited	42	May 11, 2004 – May 11, 2011	N/12911	Macau
	Venetian Macau Limited	42	May 11, 2004 – May 11, 2011	N/12912	Macau
	Venetian Macau Limited	42	May 11, 2004 – May 11, 2011	N/12913	Macau
	Venetian Macau Limited	42	May 11, 2004 – May 11, 2011	N/12914	Macau
	Venetian Macau Limited	42	May 11, 2004 – May 11, 2011	N/12915	Macau
	Venetian Macau Limited	42	May 11, 2004 – May 11, 2011	N/12916	Macau
	Venetian Macau Limited	42	May 11, 2004 – May 11, 2011	N/13006	Macau
	Venetian Macau Limited	41	May 11, 2004 – May 11, 2011	N/13007	Macau
	Venetian Macau Limited	43	January 9, 2007 – January 9, 2014	N/23365	Macau

## APPENDIX VII

## STATUTORY AND GENERAL INFORMATION

Material Trademark	Registered Owner	Class	Validity Period	Registration No.	Place of Registration
BAR FLORIAN / LOK IAN PA (C.C.) / 洛欣吧 	Venetian Cotai Limited	43	March 28, 2008 – March 28, 2015	N31739	Macau
IMPERIAL HOUSE / DIM SUM / TAI WONG TIM SAM (C.C.) / 帝王點心 	Venetian Cotai Limited	43	March 28, 2008 – March 28, 2015	N/31740	Macau
CAN TON / HEI UT (C.C.) 喜粵 	Venetian Cotai Limited	43	March 28, 2008 – March 28, 2015	N/31741	Macau
BELLINI / LOUNGE / PAK LEI CHAO LONG (C.C.) / 百利酒廊 	Venetian Cotai Limited	43	March 28, 2008 – March 28, 2015	N/31742	Macau
RED DRAGON NOODLES / CHEK LONG MIN KUN (C.C.) / 赤龍麵館 	Venetian Cotai Limited	43	March 28, 2008 – March 28, 2015	N/31743	Macau
 (Note 2)	Venetian Cotai Limited	39	April 23, 2008 – April 23, 2015	N/31066	Macau
COTAIJET (Note 2)	Venetian Cotai Limited	39	April 23, 2008 – April 23, 2015	N/31067	Macau
  (Note 2)	Venetian Cotai Limited	39	April 23, 2008 – April 23, 2015	N/31065	Macau
 (Note 2)	Venetian Cotai Limited	39	April 23, 2008 – April 23, 2015	N/31064	Macau
 (Note 3)	Venetian Cotai Limited	39	August 2, 2007 – August 1, 2017	300926488	Hong Kong
COTAIJET (Note 3)	Venetian Cotai Limited	39	August 2, 2007 – August 1, 2017	300926479	Hong Kong
 (Note 4)	Venetian Cotai Limited	39, 41	December 1, 2008 – November 30, 2018	01340940	Taiwan
COTAIJET (Note 4)	Venetian Cotai Limited	39, 41	October 1, 2008 – September 30, 2018	01332109	Taiwan

Material Trademark	Registered Owner	Class	Validity Period	Registration No.	Place of Registration
	Venetian Macao Limited	35, 39, 41, 43, 45	May 25, 2009 – May 25, 2016	N/40581 (cl.35) N/40582 (39) N/40583 (41) N/40584 (43) N/40585 (45)	Macau

Save as aforesaid, there are no other trademarks or intellectual property rights which are material in relation to our business.

*Note 1: This trademark registration is subject to an assignment agreement between Las Vegas Sands Corp. and Venetian Macao Limited, executed by the parties and made effective on or about October 24, 2009 and to be recorded with the Hong Kong Trade Marks Registry.*

*Note 2: This trademark registration is subject to an assignment agreement between Las Vegas Sands Corp. and Venetian Cotai Limited, executed by the parties and made effective on or about October 24, 2009 and to be recorded with the Intellectual Property Department of Macao Economic Services.*

*Note 3: This trademark registration is subject to an assignment agreement between Las Vegas Sands Corp. and Venetian Cotai Limited, executed by the parties and made effective on or about October 24, 2009 and to be recorded with Hong Kong Trade Marks Registry.*

*Note 4: This trademark registration is subject to an assignment agreement between Las Vegas Sands Corp. and Venetian Cotai Limited, executed by the parties and made effective on or about October 24, 2009 and to be recorded with the Intellectual Property Office of Taiwan.*

## C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS AND EXPERTS

### 1. Disclosure of Interests

- (a) Interests and short positions of the Directors and the chief executive of our Company in the shares, underlying shares and debentures of our Company and its associated corporations

Immediately following the completion of the Global Offering, the Capitalization Issue and the mandatory and automatic exchange of the Bonds for Shares (without taking into account of any Shares that may be sold pursuant to the exercise of the Over-allotment Option or any Shares that may be issued pursuant to the exercise of options which may be granted under the Share Option Scheme), save as disclosed below, none of the Directors and chief executive of our Company will have any interests or short positions in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, under Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("Model Code"), once the Shares are listed will be as follows:

Name of Director	Company	Nature of Interest	Based on an Offer Price of HK\$10.38		Based on an Offer Price of HK\$13.88	
			Number of securities	Approximate percentage of shareholding interest	Number of securities	Approximate percentage of shareholding interest
Mr. Sheldon Gary Adelson	Company	Interest in a controlled corporation <sup>(2)</sup>	5,657,814,885(L) <sup>(1)</sup>	70.3%	5,663,416,548	71.5%

(1) The letter "L" denotes the person's long position in such securities.

Name of Director	Associated Corporation	Nature of interest	Number of securities <sup>(1)</sup>	Approximate percentage of shareholding interest
Mr. Sheldon Gary Adelson	LVS	Beneficial owner	198,159,756(L) <sup>(1)</sup>	30.01%
	LVS	Family interest	246,345,002(L) <sup>(2)</sup>	37.31%
			5,250,000(L) <sup>(3)</sup>	56.21%
Mr. Jeffrey Howard Schwartz	LVS	Beneficial owner	87,912(L) <sup>(4)</sup>	0.01%
Mr. Irwin Abe Siegel	LVS	Beneficial owner	24,865(L) <sup>(5)</sup>	0.004%
Mr. Steven Craig Jacobs	LVS	Beneficial owner	825,000(L) <sup>(6)</sup>	0.12%
Mr. Stephen John Weaver	LVS	Beneficial owner	375,000(L) <sup>(7)</sup>	0.06%

- (1) This amount includes (a) 100 shares of LVS's common stock, (b) 5,948 unvested shares of restricted stock, (c) 91,832 vested and exercisable options to purchase 91,832 shares of LVS's common stock, (d) 22,758,765 shares of LVS's common stock held by the Sheldon G. Adelson 2005 Family Trust over which Mr. Adelson, as trustee, retains sole dispositive and voting control, (e) 582,280 shares of LVS's common stock owned by the Dr. Miriam and Sheldon G. Adelson Charitable Trust over which Mr. Adelson, as trustee, retains sole voting and dispositive power, (f) 16,802,047 shares of LVS's common stock owned by the Sheldon G. Adelson November 2008 Two Year LVS Annuity Trust over which Mr. Adelson, as trustee, retains sole dispositive control, (g) 48,764,841 shares of LVS's common stock owned by the Sheldon G. Adelson December 2008 Three Year Annuity Trust over which Mr. Adelson, as trustee, retains sole dispositive control, (h) 11,977,704 shares of LVS's common stock owned by the Sheldon G. Adelson February 2009 Two Year LVS Annuity Trust over which Mr. Adelson, as trustee, retains sole dispositive control, (i) 23,955,408 shares of LVS's common stock owned by the Sheldon G. Adelson February 2009 Three Year LVS Annuity Trust over which Mr. Adelson, as trustee, retains sole dispositive control, (j) 30,000,000 shares of LVS's common stock owned by the Sheldon G. Adelson October 2009 Two Year LVS Annuity Trust over which Mr. Adelson, as trustee, retains sole dispositive control,

- (k) 30,000,000 shares of LVS's common stock held by the Sheldon G. Adelson October 2009 Three Year Annuity Trust over which Mr. Adelson, as trustee, retains sole dispositive control, (l) 12,566,710 shares of LVS's common stock owned by Adfam Investment Company LLC over which Mr. Adelson, as co-manager, shares voting and dispositive control with his wife, Dr. Adelson and (m) 654,121 unvested options to purchase 654,121 shares of LVS's common stock. Mr. Adelson and his wife together are entitled to control the exercise of one-third or more of the voting power at stockholders' meetings of LVS. LVS's interests in our Company are set out below.
- (2) This amount includes (a) 86,363,636 shares of LVS's common stock held by Dr. Miriam Adelson, (b) 13,692,516 shares of LVS's common stock held by the ESBT S Trust over which Dr. Adelson, as trustee, retains sole voting control, (c) 13,692,516 shares of LVS's common stock held by the ESBT Y Trust over which Dr. Adelson, as trustee, retains sole voting control, (d) 13,692,517 shares of LVS's common stock held by the QSST A Trust over which Dr. Adelson, as trustee, retains sole voting control, (e) 13,692,517 shares of LVS's common stock held by the QSST M Trust over which Dr. Adelson, as trustee, retains sole voting control, (f) 5,144,415 shares of LVS's common stock held by the Sheldon G. Adelson 2004 Remainder Trust over which Dr. Adelson, as trustee, retains sole voting control, (g) 12,566,710 shares of LVS's common stock owned by Adfam Investment Company LLC over which Dr. Adelson, as co-manager, shares voting and dispositive control with Mr. Adelson and (h) warrants to purchase 87,500,175 shares of LVS's common stock that are exercisable.
- (3) Dr. Adelson holds 5,250,000 shares of preferred stock.
- (4) This amount includes (a) 5,268 unvested shares of restricted stock and (b) 82,644 unvested options to purchase 82,644 shares of LVS's common stock.
- (5) This amount includes (a) 1,000 shares of LVS's common stock, (b) 8,765 shares of restricted stock, of which 3,497 shares are vested and (c) 15,100 options to purchase 15,100 shares of LVS's common stock, of which 6,080 options are vested and exercisable.
- (6) This amount includes (a) 250,000 shares of LVS's common stock and (b) 575,000 unvested options to purchase 575,000 shares of LVS's common stock.
- (7) This amount includes (a) 268,750 unvested options to purchase 268,750 shares of LVS's common stock, and (b) 106,250 vested and exercisable options to purchase 106,250 shares of LVS' common stock.

**(b) Interests and short positions of the Substantial Shareholders in the shares and underlying shares of our Company**

So far as our Directors are aware, immediately following the completion of the Global Offering, the Capitalization Issue and the mandatory and automatic exchange of the Bonds for Shares (without taking into account any Shares that may be sold pursuant to the exercise or the Over-allotment Option may be issued pursuant to the exercise of options granted under the Share Option Scheme), the following persons, not being Directors or a chief executive of our Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Capacity/ Nature of Interest	Based on an Offer Price of HK\$10.38		Based on an Offer Price of HK\$13.88	
		Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding interest	Number of Shares	Approximate percentage of shareholding interest
Las Vegas Sands Corp.	Interest in a controlled corporation	5,657,814,885(L)	70.3%	5,663,416,548	71.5%
Las Vegas Sands, LLC	Interest in a controlled corporation	5,657,814,885(L)	70.3%	5,663,416,548	71.5%
Venetian Casino Resort, LLC	Interest in a controlled corporation	5,657,814,885(L)	70.3%	5,663,416,548	71.5%
LVS (Nevada) International Holdings Inc.	Interest in a controlled corporation	5,657,814,885(L)	70.3%	5,663,416,548	71.5%
LVS Dutch Finance CV	Interest in a controlled corporation	5,657,814,885(L)	70.3%	5,663,416,548	71.5%
LVS Dutch Holding BV	Interest in a controlled corporation	5,657,814,885(L)	70.3%	5,663,416,548	71.5%
LVS Dutch Intermediate Holding BV	Interest in a controlled corporation	5,657,814,885(L)	70.3%	5,663,416,548	71.5%
VVDI (I)	Interest in a controlled corporation	5,657,814,885(L)	70.3%	5,663,416,548	71.5%
VVDI (II)	Beneficial owner	5,657,814,885(L)	70.3%	5,663,416,548	71.5%

(1) The Letter "L" denotes the person's long position in such securities.

**(c) Interests of the Substantial Shareholders of Any Member of Our Group (Other than Our Company)**

Save as set out above, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Global Offering, the Capitalization Issue and the mandatory and automatic exchange of the Bonds for Shares be interested, directly or indirectly, in 10.0% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of our Group (other than our Company) or any options in respect of such capital.

**2. Particulars of Service Contracts**

- (a) None of the Directors has entered into any service contract with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

- (b) Under Mr. Stephen John Weaver's existing employment contract with Venetian Marketing Services Limited, he is entrusted with responsibilities with respect to retail leasing activities in Marina Bay Sands, which is not part of our Group. Such leasing is approximately 80.0% completed, and expected to be completed by the end of September 2010. Mr. Weaver's remuneration in respect of such responsibilities is borne by companies in the LVS Group and our Company does not have any obligation to pay him, nor does our Company receive any reimbursement from any LVS Group companies in respect of such remuneration. Mr. Weaver is not expected to spend significant amounts of time on the completion of these responsibilities. Proposals to lease in Singapore are unlikely to be in direct competition with proposals to lease in Macau, since retail outlets in the two geographical locations address very different consumer demographics and the marketing space, location, estimated traffic, vicinity to unfriendly competition and other retail metrics will unlikely be comparable in any particular case. Accordingly, we consider that there is no potential conflict or competition with respect to the position of our Company for Mr. Weaver to continue discharging and complete such responsibilities owed to Marina Bay Sands. Mr. Weaver's transitional duties in this regard are subject to review by the General Counsel of our Company from time to time, and in the event that our Company considers that there may be a conflict with his duties to our Company in respect of any particular leasing proposal, then Mr. Weaver and LVS have agreed that he will not be involved in the handling of the proposal considered by our Company to create a conflict for him. With regard to Mr. Weaver's duties as a Director of our Company, until such time when his remuneration under such contract is settled by LVS at the end of such contract, currently expected to be the end of September 2010, Mr. Weaver will, if required under our Articles of Association, the Cayman Companies Law or the Listing Rules or other regulatory requirement, recuse in respect of any resolution of our Board where the counterparty is a member of the LVS Group or the transaction is one in which a member of LVS Group is materially interested otherwise than through LVS's shareholding in our Company.
- (c) During the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the aggregate of the remuneration received by our Directors (including fees, salaries, contribution to pension schemes, housing allowances, share-based compensation benefits and other allowances and benefits in kind and discretionary bonuses) from us was approximately US\$1.6 million, US\$4.0 million, US\$2.6 million and US\$1.3 million, respectively. Details of the Directors' remuneration are also set out in note 7 of the "Accountant's Report" set out in Appendix I to this prospectus.
- (d) Under the arrangements currently in force, the aggregate of the remuneration (including fees, salaries, contributions to pension schemes, housing allowances, share-based compensation benefits and other allowances and benefits in kind, excluding discretionary bonuses) payable to our Directors for the year ending December 31, 2009 is estimated to be approximately US\$5.2 million.
- (e) None of the Directors or any past directors of any members of our Group has been paid any sum of money for the three years ended December 31, 2008 (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (f) There has been no arrangement under which a Director has waived or agreed to waive any remuneration or benefits in kind for the three years ended December 31, 2008.
- (g) None of the Directors has been or is interested in the promotion of, or in the property proposed to be acquired by, our Company, and no sum has been paid or agreed to be paid to any of them in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him in connection with the promotion or formation of our Company.



**3. Competing Interest of the Directors**

Please refer to "Relationship with Our Controlling Shareholders."

**4. Fees or Commissions Received**

Save as disclosed in this prospectus, none of the Directors or any of the persons whose names are listed in "Other Information—Consents of Experts" in this Appendix VII had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

**5. Disclaimers**

Save as disclosed this prospectus:

- (a) none of our Directors or chief executive of our Company has any interest or short positions in the Shares, underlying Shares or debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to in that section, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code, in each case once our Shares are listed;
- (b) none of our Directors nor any of the parties listed in "Other Information—Consents of Experts" in this Appendix VII has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus, been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors nor any of the parties listed in "Other Information—Consents of Experts" in this Appendix VII, is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (d) save for the Underwriting Agreements, none of the parties listed in "Other Information—Consents of Experts" in this Appendix VII:
  - (i) is interested legally or beneficially in any of our Shares or any shares of any of our subsidiaries; or
  - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe securities in any member of our Group;
- (e) none of our Directors, their respective associates or shareholders of our Company is interested in more than 5.0% of the issued share capital of our Company has any interests in the five largest suppliers of our Group.

**D. SHARE OPTION SCHEME**

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by our Shareholders on November 8, 2009.

**(a) Purpose**

The Share Option Scheme provides a means through which our Group may attract able persons to enter and remain in the employ of our Group and provides a means whereby employees, directors and consultants of our Group can acquire and maintain Share

ownership, thereby strengthening their commitment to the welfare of our Group and promoting an identity of interest between Shareholders and these persons.

**(b) Who may join**

Participation shall be limited to the following persons (the "Eligible Persons") who have entered into an option agreement with us or who have received written notification from the committee established by our Board to administer the Equity Award Plan adopted by our Board on November 8, 2009 (the "Committee"), or from a person designated by the Committee, that they have been selected to participate in the Share Option Scheme:

- (i) any individual regularly employed by us or any of our subsidiaries, provided, however, that no such employee covered by a collective bargaining agreement shall be an Eligible Person unless and to the extent that such eligibility is set forth in such collective bargaining agreement or in an agreement or instrument related thereto;
- (ii) director of our Company or any of our subsidiaries; or
- (iii) consultant or advisor to our Company or any of our subsidiaries,

such individual as set out in (i) to (iii) above having an annual salary of at least HK\$1,162,500 or its equivalent.

**(c) Acceptance of an offer of options to subscribe for Shares granted pursuant to the Share Option Scheme**

Each option granted under the Share Option Scheme shall be evidenced by an option agreement. Except as specifically provided otherwise in such option agreement, each option granted under the Share Option Scheme shall be subject to the following terms and conditions:

- (i) each option or portion thereof that is exercisable shall be exercisable for the full amount or for any part thereof.
- (ii) no Shares shall be delivered pursuant to any exercise of an option until we have received full payment of the exercise price (the "Option Price") per Share for each option therefor. Each option shall cease to be exercisable, as to any Share, when the grantee purchases the Share or exercises a related share appreciation right or when the option expires.
- (iii) subject to paragraph (i) below, options shall not be transferable by the grantee except by will or the laws of descent and distribution and shall be exercisable during the grantee's lifetime only by him.
- (iv) each option shall vest and become exercisable by the grantee in accordance with the vesting schedule established by the Committee and set forth in the option agreement.
- (v) an option agreement may, but need not, include a provision whereby a grantee may elect, at any time before the termination of the grantee's employment with us, to exercise the option as to any part or all of the Shares subject to the option prior to the full vesting of the option. Any unvested Shares so purchased may, subject to law, be subject to a share repurchase option in favor of us or to any other restriction the Committee determines to be appropriate.

The exercise of any option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorized share capital of our Company.

Shares shall be deemed to have been used in settlement of options whether they are actually delivered or the Fair Market Value (as defined below) equivalent of such shares is paid in cash, provided however, that Shares delivered (either directly or by means of attestation) in full or partial payment of the Option Price (as defined in paragraph (f) below)

shall be deducted from the number of Shares delivered to the grantee pursuant to such option for purposes of determining the number of Shares acquired pursuant to the Share Option Scheme.

"Fair Market Value" on a given date means (a) if the Shares are listed on a national securities exchange, the closing sale price reported in the daily quotation sheets of the Stock Exchange as having occurred on the primary exchange with which the Shares are listed and traded on such date, or, if there is no such sale on that date, then on the last preceding date on which such a sale was reported, (b) if the Shares are not listed on any national securities exchange but are quoted in an inter-dealer quotation system on a last sale basis, the average between the closing bid price and ask price reported on such date, or, if there is no such sale on that date, then on the last preceding date on which a sale was reported, or (c) if the Shares are not listed on a national securities exchange or quoted in an inter-dealer quotation system on a last sale basis, the amount determined by the Committee to be the fair market value on such date based upon a good faith attempt to value the Share accurately and computed in accordance with applicable regulations of the Inland Revenue Department.

**(d) Maximum number of Shares**

The maximum number of Shares in respect of which options or other share-based awards may be granted (including Shares in respect of which options, whether exercised or still outstanding, have already been granted) under the Share Option Scheme and under any other plans of our Company must not in aggregate exceed 10.0% of the total number of Shares in issue immediately following the completion of the Global Offering, the Capitalization Issue and the mandatory and automatic exchange of the Bonds for Shares, being 804,785,866 Shares (assuming the Offer Price is HK\$10.38) or 792,299,782 Shares (assuming the Offer Price is HK\$13.88) (the "Scheme Limit"), excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) renew this limit at any time to 10.0% of the Shares then in issue (the "New Scheme Limit") as of the date of the approval by our Shareholders in general meeting; and/or
- (ii) grant options beyond the Scheme Limit to Eligible Persons specifically identified by the Board. The circular issued by our Company to our Shareholders shall contain a generic description of the specified Eligible Persons who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Persons with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options and other share-based awards granted and yet to be exercised under the Share Option Scheme and any other plans of our Company at any time shall not exceed 30.0% of the Shares in issue from time to time (the "Maximum Limit"). No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the Maximum Limit being exceeded. In order to prevent substantial enlargement or dilution of a grantee's rights in a manner consistent with the purposes of the Share Option Scheme, the Committee shall make an equitable adjustment or substitution to the number, price or kind of a Share or other consideration subject to such scheme or as otherwise determined by the Committee to be equitable (i) in the event of changes in the outstanding Shares or in the capital structure of our Company by reason of share or extraordinary cash dividends, share splits, reverse share splits, recapitalization, reorganizations, mergers,

consolidations, combinations, exchanges, or other relevant changes in capitalization occurring after the date of grant of any option or (ii) in the event of any change in applicable laws or any change in circumstances which results in or would result in any substantial dilution or enlargement of the rights granted to, or available for, participants, or which otherwise warrant equitable adjustment because it interferes with the intended operation of the Share Option Scheme, provided however, that the manner of any such equitable adjustment shall be determined by the Committee in its sole discretion in compliance with the Listing Rules and their decision shall be final and conclusive and binding on us and the grantees.

**(e) Maximum number of options to any one individual**

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised, outstanding options and Shares which were the subject of options which have been granted and accepted under the Share Option Scheme or any other scheme of our Company) to each Eligible Person in any 12-month period up to the Date of Grant shall not exceed 1.0% of the Shares in issue as of the date of grant. Any further grant of options in excess of this 1.0% limit shall be subject to:

- (i) the issue of a circular by our Company containing the identity of the Eligible Person, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and
- (ii) the approval of our Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Person and his associates (as defined in the Listing Rules) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such person must be fixed before our Shareholders' approval unless provided otherwise in the Listing Rules, the date on which the Committee grants or the date of the meeting at which the Committee proposes to grant the options to such Eligible Person shall be taken as the date of grant for the purpose of determining the Option Price of the Shares.

**(f) Price of Shares**

The exercise price ("Option Price") per Share for each option shall be set by the Committee at the time of grant but shall not be less than the highest of:

- (i) the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of grant which must be a business day;
- (ii) the average of the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the 5 business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share,

provided that for the purpose of determining the Option Price where the Shares have been listed on the Stock Exchange for less than 5 business days preceding the date of grant, the issue price of the Shares in connection with such listing shall be deemed to be the closing price of the Shares for each business day falling within the period before the listing of the Shares on the Stock Exchange.

The Option Price shall be payable (i) in cash and/or Shares valued at the Fair Market Value at the time the Option is exercised (including by means of attestation of ownership of a sufficient number of Shares in lieu of actual delivery of such shares to us), (ii) in the discretion of the Committee, either (a) in other property having a fair market value on the date of exercise equal to the Option Price or (b) by delivering to the Committee a copy of

irrevocable instructions to a stockbroker to deliver promptly to us an amount of loan proceeds, or proceeds from the sale of the Shares subject to the option, sufficient to pay the Option Price or (iii) by such other method as the Committee may allow.

**(g) Granting options to connected persons**

Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options in question). If the Committee proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the Shares in issue or such other percentage as may be from time to time provided under the Listing Rules; and
- (ii) having an aggregate value in excess of HK\$5.0 million or such other sum as may be from time to time provided under the Listing Rules, based on the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange at the date of each grant,

such further grant of options will be subject to the approval of the independent non-executive Directors as referred to in this paragraph, the issue of a circular by our Company and the approval of our Shareholders in general meeting on a poll at which all connected persons of our Company shall abstain from voting in favor, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by our Company to our Shareholders pursuant to the above paragraph shall contain the following information:

- (i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Person which must be fixed before our Shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;
- (iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (iv) the information required under Rule 2.17 of the Listing Rules.

**(h) Restrictions on the times of grant of Options**

A grant of options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any

year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and

- (ii) the deadline for our Company to publish an announcement of the results for any year, or half-year, or quarterly or other interim period (whether or not required under the Listing Rules),

and ending on the date of actual publication of such results announcement, and where an option is granted to a Director or a "relevant employee" (as defined below):

- (iii) no options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (iv) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

"Relevant employee" as used in this paragraph (h) shall include any employee of the Company or a director or employee of a subsidiary or holding company of the Company who, because of such office or employment, is likely to be in possession of unpublished price sensitive information in relation to the Company or its securities.

**(i) Rights are personal to grantee**

Each option shall be exercisable only by a grantee during the grantee's lifetime, or, if permissible under applicable law, by the grantee's legal guardian or representative. No option may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a grantee other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against our Company or any of our subsidiaries; provided that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

**(j) Duration of the Share Option Scheme**

No option may be vested more than 10 years after the date of grant (the "Option Period"). Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date.

**(k) Performance target**

A grantee may be required to achieve any performance targets as the Committee may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

**(l) Rights on ceasing employment/death**

- (i) *Death/Disability.* If the grantee's employment with our Company and its subsidiaries terminates on account of the grantee's death or by our Company or any subsidiary due to disability, the unvested portion of the option shall expire on the date of termination and the vested portion of the option shall remain exercisable by the grantee through the earlier of (A) the expiration of the Option Period or (B) one year following the date of termination on account of death or disability.
- (ii) *Termination Other than due to Death/Disability or for Cause (as defined below).* If the grantee's employment with our Company and its subsidiaries is terminated for any



reason other than on account of the grantee's death or by our Company or any subsidiary due to disability or for Cause, the unvested portion of the option shall expire on the date of termination and the vested portion of the option shall remain exercisable by the grantee through the earlier of (A) the expiration of the Option Period or (B) ninety (90) days following such termination.

"Cause" shall have the definition in any existing employment, consulting or any other agreement between the grantee and our Company or any of our subsidiaries or, in the absence of such an employment, consulting or other agreement, upon (i) the determination by the Committee that the grantee has ceased to perform his duties to our Company, or any of our subsidiaries (other than as a result of his incapacity due to physical or mental illness or injury), which failure amounts to an intentional and extended neglect of his duties to such party, (ii) the Committee's determination that the grantee has engaged or is about to engage in conduct materially injurious to our Company or any of our subsidiaries, (iii) the grantee having been convicted of, or pleading guilty or no contest to, a felony or any crime involving as a material element fraud or dishonesty, (iv) the failure of the grantee to follow the lawful instructions of the Board or his direct superiors or (v) in the case of a grantee who is a non-employee Director, the grantee ceasing to be a member of the Board in connection with the grantee engaging in any of the activities described in clauses (i) through (iv) above,

**(m) Rights on dismissal**

If the grantee's employment with the Company and its subsidiaries is terminated by the Company or any Subsidiary for Cause, both the unvested and the vested portions of the Option shall terminate on the date of such termination.

**(n) Rights on a general offer or a scheme of arrangement**

If a general offer, whether by way of a takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all reasonable endeavors to procure that such offer is extended to all the grantees on the same terms, with appropriate changes, and assuming that they will become, by the vesting and exercise in full of the options granted to them (whether or not they have become exercisable), Shareholders. If such offer (other than a scheme of arrangement) becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, a grantee shall, notwithstanding any other terms on which his options were granted, be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company in exercise of his option at any time up to the close of such offer or the record date for entitlements under a scheme of arrangement. Subject to the above, an option (to the extent not already exercised) will lapse automatically on the date on which such offer closes or the record date for entitlements under a scheme of arrangement.

**(o) Rights on winding-up**

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each of our Shareholders give notice thereof to all grantees and thereupon, each grantee (or in the case of his death, his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance for the full amount of

the aggregate Option Price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid and register the grantee as holder thereof.

**(p) Rights on compromise or arrangement between our Company and its members or creditors**

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of a scheme for the restructuring of our Company or its amalgamation with any other companies pursuant to the laws of the jurisdiction in which our Company was incorporated, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any grantee may by notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given (such notice to be received by our Company not later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and our Company shall as soon as possible in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued upon on such exercise of the option credited as fully paid and register the grantee as a holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the relevant court be restored in full as if such compromise or arrangement had not been proposed by us.

**(q) Ranking of Shares**

The Shares to be allotted and issued upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person nominated by the grantee) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank *pari passu* and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully paid Shares in issue on the date of issue, save that they will not rank for any dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling on or before the date of issue.

**(r) Effect of alterations to capital**

In order to prevent substantial enlargement or dilution of a grantee's rights in a manner consistent with the purposes of the Share Option Scheme, the Committee shall make an equitable adjustment or substitution to the number, price or kind of a Share or other consideration subject to such scheme or as otherwise determined by the Committee to be equitable (i) in the event of changes in the outstanding Shares or in the capital structure of our Company by reason of share or extraordinary cash dividends, share splits, reverse share splits, recapitalization, reorganizations, mergers, consolidations, combinations, exchanges, or other relevant changes in capitalization occurring after the date of grant of any option or (ii) in the event of any change in applicable laws or any change in circumstances which results in or would result in any substantial dilution or enlargement of the rights granted to, or available for, participants, or which otherwise warrant equitable adjustment because it interferes with the intended operation of the Share Option Scheme,



provided however, that the manner of any such equitable adjustment shall be determined by the Committee in its sole discretion in compliance with the Listing Rules and their decision shall be final and conclusive and binding on us and the grantees.

Notwithstanding the above, in the event of any of the following:

- (i) our Company is merged or consolidated with another corporation or entity and, in connection therewith, consideration is received by Shareholders in a form other than shares or other equity interests of the surviving entity;
- (ii) all or substantially all of our assets are acquired by another person;
- (iii) the reorganization or liquidation of our Company; or
- (iv) our Company shall enter into a written agreement to undergo an event described in paragraphs (i), (ii) or (iii) above,

then the Committee may, in its discretion and upon at least 10 days advance notice to the affected persons, cancel any outstanding options and cause the holders thereof to be paid, in cash or Shares, or any combination thereof, the value of such options based upon the price per Share received or to be received by other Shareholders in the event. The terms of this paragraph may be varied by the Committee in any particular award agreement.

**(s) Effect of Change in Control**

Except to the extent provided in a particular option agreement:

- (i) In the event of a Change in Control (as defined below), notwithstanding any provision of the Share Option Scheme or any applicable option agreement to the contrary, the Committee may in its discretion provide that all options shall become immediately exercisable with respect to 100 per cent of the shares subject to such option;

"Change in Control" shall, unless in the case of a particular option where the applicable option agreement states otherwise or contains a different definition of "Change in Control," be deemed to occur upon:

- (a) the acquisition by any individual, entity or group of beneficial ownership of 50.0% or more (on a fully diluted basis) of either (1) our then outstanding Shares, taking into account as outstanding for this purpose such Shares issuable upon the exercise of options or warrants, the conversion of convertible stock or debt, and the exercise of any similar right to acquire such Shares (the "Outstanding Company Shares") or (2) the combined voting power of our then outstanding voting securities entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"), provided however, that for purposes of the Share Option Scheme, the following acquisitions shall not constitute a Change in Control: (I) any acquisition by us or any of our subsidiaries, (II) any acquisition by any employee benefit plan sponsored or maintained by us or any of our subsidiaries, (III) any acquisition by Mr. Adelson or any related party or any group of which Mr. Adelson or a related party is a member (a "Designated Holder"), (IV) any acquisition which complies with clauses (1) and (2) of this paragraph, (V) in respect of an option held by a particular grantee, any acquisition by the grantee or any group of persons including the grantee (or any entity controlled by the grantee or any group of persons including the grantee); or (VI) LVS ceases to be a Controlling Shareholder of our Company;

- (b) individuals who, on the date hereof, constitute the Board (the "Incumbent Directors") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the date hereof, whose election or nomination for election was approved by a vote of at least

- two-thirds of the Incumbent Directors then on the Board ) shall be an Incumbent Director;
- (c) the dissolution or liquidation of our Company;
  - (d) the sale, transfer or other disposition of all or substantially all of the business or assets of our Company, other than any such sale, transfer or other disposition to one or more Designated Holders; or
  - (e) the consummation of a reorganization, recapitalization, merger, consolidation, statutory share exchange or similar form of corporate transaction involving our Company that requires the approval of the Shareholders, whether for such transaction or the issuance of securities in the transaction (a "Business Combination"), unless immediately following such Business Combination:
    - (a) more than 50% of the total voting power of (x) the entity resulting from such Business Combination (the "Surviving Company"), or (y) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership of sufficient voting securities eligible to elect a majority of the members of the board of directors (or the analogous governing body) of the Surviving Company (the "Parent Company"), is represented by the Outstanding Company Voting Securities that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which the Outstanding Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of the Outstanding Company Voting Securities among the holders thereof immediately prior to the Business Combination, and (b) at least a majority of the members of the board of directors (or the analogous governing body) of the Parent Company (or, if there is no Parent Company, the Surviving Company) following the consummation of the Business Combination were Board members at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination.
- (ii) in addition, in the event of a Change in Control, the Committee may in its discretion and upon at least 10 days' advance notice to the affected persons, cancel any outstanding options and pay to the holders thereof, in cash or stock, or any combination thereof, the value of such options based upon the price per Share received or to be received by other Shareholders in the event.
  - (iii) our obligations under the Share Option Scheme shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of our Company, or upon any successor corporation or organization succeeding to substantially all of our assets and business. We agree that we will make appropriate provisions for the preservation of grantees' rights under the Share Option Scheme in any agreement or plan which we may enter into or adopt to effect any such merger, consolidation, reorganization or transfer of assets.
- (t) Expiry of option**
- Without prejudice to paragraphs (r) and (s), an option shall lapse automatically and not vest (to the extent not already vested) after the earliest of:
- (i) the date of expiry of the option;
  - (ii) the expiry of any of the periods referred to in paragraphs (l), (m), (n) or (o);
  - (iii) the date on which the scheme of arrangement of our Company referred to in paragraph (p) becomes effective;

- (iv) subject to paragraph (o), the date of commencement of the winding-up of our Company; or
- (v) the date on which the Board shall exercise the our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are cancelled in accordance with paragraph (u) below.

**(u) Cancellation of options**

The Committee may, to the extent consistent with the terms of the Share Option Scheme, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any option theretofore granted or the associated option agreement, prospectively or retroactively, provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would impair the rights of any grantee or any holder or beneficiary of any option theretofore granted shall not to that extent be effective without the consent of the affected grantee, holder or beneficiary; and provided further that, without Shareholder approval, no amendment or modification may reduce the Option Price of any option.

**(v) Amendment and Termination of the Share Option Scheme**

The Board may amend, alter, suspend, discontinue, or terminate the Share Option Scheme or any portion thereof at any time, provided that no such amendment, alteration, suspension, discontinuation or termination shall be made without Shareholder approval if such approval is necessary to comply with any tax or regulatory requirement applicable to the Share Option Scheme (including as necessary to comply with any applicable stock exchange listing requirement), and provided further that any such amendment, alteration, suspension, discontinuance or termination that would impair the rights of any grantee or any holder or beneficiary of any option theretofore granted shall not to that extent be effective without the consent of the affected grantee, holder or beneficiary. The termination date of the Share Option Scheme, following which no options may be granted thereunder, is 10 years from the Listing Date, provided that such termination shall not affect options then outstanding, and the terms and conditions of the Share Option Scheme shall continue to apply to such options.

**(w) Administration of the Board**

The Share Option Scheme shall be subject to the administration of the Committee whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties. The majority of the members of the Committee shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present or acts approved in writing by a majority of the Committee shall be deemed the acts of the Committee.

**(x) Disclosure in annual and interim reports**

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/ interim reports in accordance with the Listing Rules in force from time to time.

**(y) Present status of the Share Option Scheme**

As of the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 804,785,866 Shares (assuming the Offer Price is HK\$10.38) or 792,299,782 Shares (assuming the Offer Price is HK\$13.88) in total.

#### **E. EXEMPTION FROM THE COMPANIES ORDINANCE**

Pursuant to Section 342(1) of the Companies Ordinance and paragraph 10 of the Third Schedule to the Companies Ordinance, we are required to disclose in this prospectus certain details relating to the Bondholders, namely, the names and addresses of the Bondholders, the principal amount of the Bonds subscribed by each of them and the number of Shares to be issued to each of them upon the mandatory and automatic exchange of the Bonds for Shares (the "Relevant Information").

We have applied to the SFC for a certificate of exemption under Section 342A(1) of the Companies Ordinance from strict compliance with the disclosure requirement of Section 342(1) of the Companies Ordinance in respect of paragraph 10 of the Third Schedule to the Companies Ordinance on the grounds that strict compliance by us with such disclosure requirement would be irrelevant. Each investor group holding the Bonds and each Bondholder is a third party who is not connected with our Group, our Directors or their associates, the LVS Group or LVS's directors or their associates. The Bondholders do not have any special rights in our Company and the Bonds will be mandatorily and automatically exchanged for Shares on the Listing Date. Following the mandatory and automatic exchange of the Bonds for Shares, the individual shareholding of each investor group holding the Bonds and each Bondholder in our Company will be less than 2.0% as described in "History and Reorganization—Pre-IPO Bonds—Bondholders." Such shareholding interest in our Company would be below the 5.0% disclosure of interest threshold under the SFO, and therefore, each Bondholder would not be required to publicly disclose its name, address and shareholding interest in our Company. Accordingly, it would be irrelevant to disclose the names and addresses of the Bondholders and their respective shareholding interest in our Company in this prospectus. The principal terms and conditions of the Bonds, including a brief description of the Bondholders and the aggregate shareholding interest of the Bondholders in our Company following the mandatory and automatic exchange of the Bonds for Shares, are set out in "History and Reorganization—Pre-IPO Bonds." Having regard to the above, the Directors are of the view that the grant of the exemption will not prejudice the interests of the investing public.

The SFC has granted the certificate of exemption under the Companies Ordinance on the condition that:

- (1) a full list of all the Bondholders containing all the details of the Bonds required under paragraph 10 of the Third Schedule to the Companies Ordinance will be made available for public inspection in the form and manner as set out in "Documents Delivered to the Registrar of Companies and Available for Inspection—Documents Available for Inspection" in Appendix VIII to this prospectus;
- (2) the following details in respect of the Bonds are disclosed in this prospectus:
  - (a) the number of Bondholders and the aggregate number of Shares to be issued upon the mandatory and automatic exchange of the Bonds upon Listing;
  - (b) the consideration paid for the Bonds;
  - (c) the period during which the Bonds can be exchanged for Shares; and
  - (d) the price at which the Bonds will be exchanged for Shares; and
- (3) the particulars of the exemption are set out in this prospectus.

**F. OTHER INFORMATION****1. Litigation**

There have not been any disputes, claims or legal proceedings relating to the Subconcession to which any of the companies in our Group are parties or under which any of the companies in our Group may become liable to make any payment or be responsible for any loss. LVS has confirmed to our Company that, save as disclosed below, there have not been any disputes, claims or legal proceedings relating to the Subconcession to which any of the companies in the LVS Group are parties or under which they may become liable to make any payment or be responsible for any loss.

Our Company is not a party to the dispute or proceedings forming the subject of the CDC Settlement. The settlement arose from an action filed by CDC on January 26, 2006 against LVS, Las Vegas Sands, LLC, Venetian Venture Development, LLC and various unspecified individuals and companies in the District Court of Clark County, Nevada. The plaintiffs asserted breach of an agreement to pay a success fee in an amount equal to 5% of the ownership interest in VML, the entity that owns and operates the Macao gaming Subconcession, as well as other related claims. In April 2006, LVS was dismissed as a party without prejudice based on a stipulation to do so between the parties. The impact of the settlement on our Company is the change in percentage shareholding of LVS in our Company, which has been disclosed on page 79 of this prospectus. LVS has obtained from the counterparties to the confidential settlement agreement their consent with respect to such disclosure on page 79 of this prospectus.

Our Company understands from LVS that on June 30, 2008, the District Court of Clark County in Nevada entered a judgment against LVS in the amount of \$58.6 million, including pre-judgment interest, in relation to a quantum meruit claim for the alleged value of consulting and other services provided by the plaintiff and his group in connection with LVS's successful acquisition of a gaming concession in Macau. Our Company is not party to such dispute or proceedings or such judgment. Our Company understands from LVS that LVS believes it has factual, evidentiary and procedural grounds on which to pursue an appeal and that LVS is continuing to take vigorous action to appeal such judgment.

Further, our Company understands from LVS that proceedings were also previously commenced on February 5, 2007, by a party called Asian American Entertainment Corporation, Limited against certain companies in the LVS Group seeking damages and disgorgement of profits in relation to an alleged breach of a contract pursuant to which the plaintiff and LVS were to jointly develop hotels and casinos in Macau under any gaming concession successfully obtained by the joint venture parties. As we understand from LVS, the original action comprised several other claims which were subsequently held to have become time-barred, and at this point in time, the proceedings in respect of the one remaining claim, as described above, are in the preliminary discovery phase, and trial is not likely to occur until late 2010 or early 2011. Our Company is not party to such dispute or such proceedings.

Save and except as disclosed in "Business—Legal Proceedings," as of the Latest Practicable Date, we are not aware of any other litigation or arbitration proceedings of material importance pending or threatened against us or any of our Directors that could have a material adverse effect on our financial condition or results of operations.

**2. Joint Sponsors**

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee for a listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme).

### 3. Preliminary Expenses

The preliminary expenses of our Company are estimated to be approximately HK\$500,000 and are payable by our Company.

### 4. Promoter

Our Company has no promoter for the purpose of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

### 5. Taxation of Holders of Shares

#### (a) Hong Kong

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty and the current rate charged on each of the purchaser and seller is 0.1% of the consideration of, or if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax for persons who carry on a business of trading or dealing in securities in Hong Kong. No Hong Kong stamp duty will be levied on the transfer of shares that are registered on a share register outside Hong Kong.

#### (b) Consultation with Professional Advisers

Intending holders of the Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, the Joint Sponsors the Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

### 6. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
CB Richard Ellis Limited	Property valuer
CLSA Equity Capital Markets Limited	Licensed under the SFO to carry out Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities
Goldman Sachs (Asia) L.L.C.	Licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities
Leonel Alves Law Firm	Macau legal advisor
MWE China Law Offices	PRC legal advisor
PricewaterhouseCoopers	Certified public accountants, Hong Kong
PricewaterhouseCoopers Ltd.	Internal control consultants
Walkers	Cayman Islands attorneys-at-law

**7. Consents of Experts**

Each of CB Richard Ellis Limited, CLSA, Goldman Sachs, Leonel Alves Law Firm, MWE China Law Offices, PricewaterhouseCoopers, PricewaterhouseCoopers Ltd. and Walkers has given and has not withdrawn its respective written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or opinion and/or the references to its name included in this prospectus the form and context in which it is respectively included.

**8. Binding Effect**

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies Ordinance insofar as applicable.

**9. Particulars of Selling Shareholder**

The particulars of the Selling Shareholder are as follows:

Name: VVDI (II)

Description: Corporation

Address: Walkers Corporate Services Limited of Walker House, of 87 Mary Street, George Town, Grand Cayman KY1-9005, Cayman Islands

Sole Shareholder: LVS Dutch Intermediate Holding BV

Director: Mr. Michael A. Leven

Number of Sale Shares: 600,000,000 Shares

**10. Miscellaneous**

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

- (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
- (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (iii) no founders or management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
- (iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
- (v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.

(b) Our Directors confirm that:

- (i) there has been no material adverse change in the financial or trading position or prospects of our Group since June 30, 2009 (being the date to which the latest audited combined financial statements of our Group were prepared); and



**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the WHITE, YELLOW and GREEN Application Forms;
- (b) the written consents referred to in "Statutory and General Information—Other Information—Consents of Experts" in Appendix VII to this prospectus;
- (c) a statement of particulars of the Selling Shareholder; and
- (d) a copy of each of the material contracts referred to in "Statutory and General Information—Further Information About Our Business—Summary of Material Contracts" in Appendix VII to this prospectus.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the offices of Sidley Austin at 39/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) our Memorandum and Articles of Association;
- (b) the Accountant's Report on our Group from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;
- (c) the audited financial statements prepared for the companies comprising our Group for the years ended December 31, 2007 and 2008 (or for the period since their respective dates of incorporation where it is shorter);
- (d) the report from PricewaterhouseCoopers in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (e) the letters from each of PricewaterhouseCoopers and the Joint Sponsors relating to the profit forecast, the texts of which are set out in Appendix III to this prospectus;
- (f) the letter, the summary of values and valuation certificates relating to the property interests of our Group prepared by CB Richard Ellis Limited, the texts of which are set out in Appendix IV to this prospectus;
- (g) the letter from Walkers summarizing the constitution of our Company and certain aspects of Cayman Islands company law referred to in "Summary of the Constitution of Our Company and Cayman Companies Law" in Appendix VI to this prospectus;
- (h) the Cayman Companies Law;
- (i) the material contracts referred to in "Statutory and General Information—Further Information About Our Business—Summary of Material Contracts" in Appendix VII to this prospectus;
- (j) the written consents referred to in "Statutory and General Information—Other Information—Consents of Experts" in Appendix VII to this prospectus;
- (k) the rules of the Share Option Scheme;
- (l) the report from PricewaterhouseCoopers Ltd. on the limited assurance engagement on our Group's anti-money laundering procedures, systems and controls, the text of which is set out in Appendix V to this prospectus;
- (m) a statement of particulars of the Selling Shareholder; and
- (n) a list setting out certain details of the Bondholders.



- (ii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.
- (c) The principal register of members of our Company will be maintained in the Cayman Islands by Walkers Corporate Services Limited and a branch register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Share Registrar and may not be lodged in the Cayman Islands.
- (d) All necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.
- (e) No company within our Group is presently listed on any stock exchange or traded on any trading system.
- (f) The Directors have been advised that, under the Cayman Companies Law, the use of a Chinese name by our Company for identification purposes only does not contravene the Cayman Companies Law.
- (g) The English and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption from Companies and prospectuses from Compliance Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

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## IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

# SANDS CHINA LTD.

金沙中國有限公司\*

(incorporated in the Cayman Islands with limited liability)

## GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 1,870,000,000, comprising 1,270,000,000 new Shares to be offered by us and 600,000,000 Sale Shares to be offered by the Selling Shareholder (subject to the Over-allotment Option)
Number of Hong Kong Public Offer Shares	: 187,000,000 new Shares (subject to adjustment)
Number of International Offer Shares	: 1,683,000,000, comprising 1,083,000,000 new Shares to be offered by us and 600,000,000 Sale Shares to be offered by the Selling Shareholder (subject to adjustment and the Over-allotment Option)
Offer Price	: not more than HK\$13.88 per Offer Share payable in full on application in Hong Kong dollars, plus brokerage of 1.0%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%, subject to refund
Nominal Value	: US\$0.01 per Share
Stock Code	: 1928

### Joint Global Coordinators

Goldman  
Sachs

citi

### Joint Sponsors

Goldman  
Sachs

CLSA

### Joint Bookrunners and Lead Managers

Goldman  
Sachs

citi

BARCLAYS  
CAPITAL

BNP PARIBAS  
CORPORATE & INVESTMENT BANKING

UBS Investment  
Bank

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

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VIII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Bookrunners (jointly on behalf of the Underwriters), the Selling Shareholder and us on the Price Determination Date. The Price Determination Date is expected to be on or around Saturday, November 21, 2009 and, in any event, not later than Friday, November 27, 2009. The Offer Price will be not more than HK\$13.88 per Offer Share and is currently expected to be not less than HK\$10.38 per Offer Share, unless otherwise announced.

The Joint Bookrunners (jointly on behalf of the Underwriters) may, with the Selling Shareholder's and our consent, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. If applications for Hong Kong Public Offer Shares have been submitted prior to the last day for lodging applications under the Hong Kong Public Offering, then even if the number of Offer Shares and/or the indicative Offer Price range is so reduced, such applications cannot be subsequently withdrawn. Further details are set out in "Structure of the Global Offering" and "How to Apply for Hong Kong Public Offer Shares." If, for any reason, we, the Selling Shareholder and the Joint Bookrunners (jointly on behalf of the Underwriters) are unable to reach an agreement on the Offer Price, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

Prior to making an investment decision, prospective investors should consider carefully all the information set out in this prospectus, including, in particular, the risk factors set out in "Risk Factors."

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe or procure subscribers for the Hong Kong Public Offer Shares are subject to termination by Goldman Sachs, Citi and UBS (jointly on behalf of the Hong Kong Underwriters) if certain grounds arise at any time prior to 8:00 a.m. on the Listing Date. Such grounds are set out in "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination."

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act and may be offered or sold, pledged or transferred only (i) in the United States to QIBs, in reliance on Rule 144A under the U.S. Securities Act and (ii) outside the United States in accordance with Regulation S under the U.S. Securities Act.

November 16, 2009

\* For identification purposes only.

<b>EXPECTED TIMETABLE<sup>(1)</sup></b>
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We will issue an announcement in Hong Kong to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) if there is any change in the following expected timetable of the Hong Kong Public Offering.

Application lists open <sup>(2)</sup> .....	11:45 a.m. on Thursday, November 19, 2009
Latest time to complete electronic applications under <b>White Form eIPO</b> service through the designated website <b>www.eipo.com.hk</b> <sup>(3)</sup> .....	11:30 a.m. on Thursday, November 19, 2009
Latest time to lodge <b>WHITE</b> and <b>YELLOW</b> Applications Forms and give <b>electronic application instructions</b> to HKSCC <sup>(4)</sup> .....	12:00 noon on Thursday, November 19, 2009
Latest time to complete payment of <b>White Form eIPO</b> applications by effecting internet banking transfer(s) or PPS payment transfer(s) .....	12:00 noon on Thursday, November 19, 2009
Application lists close <sup>(2)</sup> .....	12:00 noon on Thursday, November 19, 2009
Expected Price Determination Date <sup>(5)</sup> .....	Saturday, November 21, 2009

(1):

Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Public Offer Shares to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before .....

Friday,  
November 27, 2009

(2):

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in "How to Apply for Hong Kong Public Offer Shares—Publication of Results" .....

Friday,  
November 27, 2009

(3):

A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk**<sup>(6)</sup> and the Company's website at **www.sandschinaltd.com**<sup>(7)</sup> from .....

Friday,  
November 27, 2009

Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** with a "search by ID" function .....

Friday,  
November 27, 2009

Dispatch of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before<sup>(8)</sup> .....

Friday,  
November 27, 2009

Dispatch of White Form e-Refund payment instructions and refund cheques in respect of wholly successful (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before<sup>(9)</sup> .....

Friday,  
November 27, 2009

Dealings in Shares on the Stock Exchange to commence on .....

Monday,  
November 30, 2009

## EXPECTED TIMETABLE<sup>(1)</sup>

- (1) All dates and times refer to Hong Kong local dates and times, unless otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in "Structure of the Global Offering."
- (2) If there is a "black" rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, November 19, 2009, the application lists will not open and close on that day. Further information is set out in "How to Apply for Hong Kong Public Offer Shares—When May Applications Be Made—Effect of Bad Weather on the Opening of the Application Lists." If the application lists do not open and close on Thursday, November 19, 2009, the dates mentioned in this section may be affected. A press announcement will be made by us in such event.
- (3) You will not be permitted to submit your application to the White Form eIPO Service Provider through the designated website, [www.eipo.com.hk](http://www.eipo.com.hk), after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (4) Applicants who apply for Hong Kong Public Offer Shares by giving electronic application instructions to HKSCC should refer to "How to Apply for Hong Kong Public Offer Shares—Applying by Giving Electronic Application Instructions to HKSCC."
- (5) We expect to determine the Offer Price by agreement with the Joint Bookrunners (jointly on behalf of the Underwriters) and the Selling Shareholder on the Price Determination Date. The Price Determination Date is expected to be on or around Saturday, November 21, 2009 and, in any event, no later than Friday, November 27, 2009. If, for any reason, the Offer Price is not agreed between the Joint Bookrunners (jointly on behalf of the Underwriters), the Selling Shareholder and us by Friday, November 27, 2009, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.
- (6) The announcement will be available for viewing on the "Main Board—Allotment of Results" page on the Hong Kong Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk).
- (7) None of the website or any of the information contained on the website forms part of this prospectus.
- (8) Share certificates for the Hong Kong Public Offer Shares are expected to be issued on Friday, November 27, 2009 but will only become valid certificates of title if (i) the Global Offering has become unconditional in all respects, and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms at any time prior to 8:00 a.m. on the Listing Date, which is expected to be Monday, November 30, 2009. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk. If the Global Offering does not become unconditional or the Underwriting Agreements are terminated in accordance with their terms, we will make an announcement as soon as possible.
- (9) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications, and in respect of wholly or partially successful applications if the final Offer Price is less than the price payable on application.

Applicants who apply on **WHITE** Application Forms or through **White Form eIPO** service for 1,000,000 Hong Kong Public Offer Shares or more under the Hong Kong Public Offering and have indicated in their **WHITE** Application Forms that they wish to collect refund cheques and Share certificates (where applicable) in person from our Hong Kong Share Registrar may do so in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Friday, November 27, 2009. Applicants being individuals who opt for personal collection must not authorize any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorized representatives bearing letters of authorization from their corporation stamped with the corporation's chop. Both individuals and authorized representatives of corporations must produce, at the time of collection, evidence of identity acceptable to Computershare Hong Kong Investor Services Limited.

Applicants who apply through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to their application payment bank account, in the form of e-Refund payment instructions. Applicants who apply through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions to the White Form eIPO Service Provider, in the form of refund cheques, by ordinary post at their own risk.

Applicants who apply on **YELLOW** Application Forms for 1,000,000 Hong Kong Public Offer Shares or more under the Hong Kong Public Offering and have indicated in their Application Forms that they wish to collect refund cheques in person may collect their refund cheques (if any) but may not elect to collect their Share certificates, which will be deposited into CCASS for credit to their

<b>EXPECTED TIMETABLE<sup>(1)</sup></b>
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designated CCASS Participant stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for the applicants who apply on **YELLOW** Application Forms are the same as those for **WHITE** Application Form applicants:

Applicants who apply for Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to "How to Apply for Hong Kong Public Offer Shares—Applying by Giving Electronic Application Instructions to HKSCC" for details.

Uncollected Share certificates and refund cheques (where applicable) will be dispatched by ordinary post (at the applicants' own risk) to the addresses specified in the relevant Application Forms promptly thereafter. Further information is set out in "How to Apply for Hong Kong Public Offer Shares—Dispatch/Collection of Share Certificates/e-Refund Payment Instructions/Refund Cheques."

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You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Selling Shareholder, the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, any of the Underwriters, any of our or their respective directors, officers or representatives, or any other person or party involved in the Global Offering.

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## SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Shares. There are risks associated with any investment. Some of the particular risks in investing in the Shares are set out in "Risk Factors." You should read that section carefully before you decide to invest in the Shares.

## OVERVIEW

We are the leading developer, owner and operator of integrated resorts and casinos in Macau as measured by EBITDA for the year ended December 31, 2008 and the six months ended June 30, 2009.<sup>(1)</sup> We are the largest operator of integrated resorts in Macau, which contain not only gaming areas but also meeting space, convention and exhibition halls, retail and dining areas and entertainment venues. We believe that our integrated resorts are unique to Macau and differentiate us from our competitors. VML, our subsidiary, holds one of six concessions or subconcessions permitted by the Macau Government to operate casinos or gaming areas in Macau. Macau is the largest gaming market in the world as measured by casino gaming revenue and is the only location in China offering legalized casino gaming.

We own The Venetian Macao, the Sands Macao and the Plaza Macao. We also own one of the largest convention and exhibition halls in Asia, Macau's largest entertainment venue, The CotaiArena™, and one of three major high-speed ferry companies operating between Hong Kong and Macau. Our luxury and mid-market retail malls feature over 380 shops with well-known retail brands such as Calvin Klein, Cartier, Chanel, Esprit, Gucci, Hermès, Louis Vuitton, Nike and Prada, as well as the Malo Clinic and Spa, one of Asia's largest medical and beauty spas. As of June 30, 2009, our properties featured a combined 3,554 suites and hotel rooms, 1,098 table games, 3,631 slot machines, over 60 different restaurants and food outlets, as well as other integrated resort amenities.

Our business strategy is to develop Cotai and to leverage our integrated resort business model to create Asia's premier gaming, leisure and convention destination. Our ultimate plans for Cotai include five interconnected integrated resorts, which leverage a wide range of branded hotel and resort offerings to attract different segments of the market. When completed, we expect our Cotai Strip development to contain over 20,000 hotel rooms, over 1.6 million square feet of MICE space, over 2.0 million square feet of retail malls, six theaters and other amenities. We believe our business strategy and development plan will allow us to achieve more consistent demand, longer average lengths of stay in our hotels and higher margins than more gaming-centric facilities.

Our properties are designed to cater to a broad range of customers, including the following:

- Leisure customers who visit resort destinations for quality accommodations, retail, dining, entertainment, spas and sightseeing, and who may opt to game as part of that experience;
- MICE organizers who seek an environment which attracts more buyers and exhibitors to trade shows and exhibitions because of the quality and ambiance of the venue, business-friendly accommodations, dining and other resort facilities;
- MICE participants who attend trade shows, exhibitions and conventions in venues that offer them quality business-friendly accommodations, entertainment, dining and retail facilities;
- Mass market players, who represent the highest profit margin gaming segment, and are characterized by non-rolling chip and slot machine play; and
- VIP and premium players, who enjoy our private Paiza Club gaming rooms, luxury accommodations and amenities, and are characterized by rolling chip play.

<sup>(1)</sup> Based on publicly available information, including company financial reports.

## SUMMARY

In May 2004, we opened the Sands Macao to target the mass market segment. The Sands Macao was the first Las Vegas-style casino in Macau, and currently contains a mix of gaming areas for mass market, VIP and premium players, and entertainment and dining facilities. In August 2007, we opened Macau's largest integrated resort, The Venetian Macao, and in August 2008, we opened the Plaza Macao, a boutique luxury integrated resort featuring a Four Seasons Hotel and the Plaza Casino. In July 2009, we opened our ultra-exclusive Paiza mansions at the Plaza Macao. These mansions are individually designed and made available by invitation only.

Our next phase of expansion is the integrated resort on Parcels 5 and 6 in Cotai, for which we have received a final draft land concession contract from the Macau Government. At just under 13.3 million square feet, upon completion, the integrated resort on Parcels 5 and 6 will be a significant expansion of our footprint in Cotai. We expect to complete construction of Parcels 5 and 6 in three phases. Phases I and II of the integrated resort are expected to feature approximately 6,000 hotel rooms and approximately 1.2 million square feet consisting of retail, entertainment and dining facilities, MICE space and a multi-purpose theater. The integrated resort will also feature approximately 300,000 square feet of gaming space, which, subject to Macau Government approval, will be sufficient to accommodate up to 670 tables and 2,200 slot machines. Phase I is expected to consist of two hotel towers with over 3,700 Sheraton, Shangri-La and Traders branded hotel rooms, as well as completion of the structural works for an adjacent 2,300-room Sheraton hotel tower. These hotel brands have over 47 sales, marketing and reservation offices worldwide, which we expect to be able to leverage to drive mid week MICE and leisure traveler business. Phase I will also consist of gaming space, a multi-purpose theater and partial opening of the retail and MICE facilities. The total cost to complete Phase I, excluding interest expense, is expected to be approximately US\$2.0 billion. Phase II consists of the internal fit-out of the second Sheraton-branded hotel tower, as well as the completion and fit-out of the remaining retail facilities. The total cost to complete Phase II, excluding interest expense, is expected to be approximately US\$190.0 million. Phase III, which is to commence at a future date as demand and market conditions warrant, is expected to include a luxury St. Regis-branded hotel and mixed use tower. The total cost to complete Phase III, excluding interest expense, is expected to be approximately US\$443.0 million. We began construction of Parcels 5 and 6 in 2006 and suspended construction in November 2008 due to the global economic downturn. We plan to restart construction once we have sufficient funds necessary to complete Phases I and II. We intend to fully fund the development and construction costs related to Phases I and II with at least US\$500.0 million of the proceeds from the Global Offering, together with project financing of up to US\$1.75 billion that we are currently seeking to obtain from a group of lenders and, to the extent necessary, cash flow from existing and future operations. As of the Latest Practicable Date, we have received aggregate commitments for project financing in the amount of US\$1.45 billion from commercial banks and other financial institutions, including from affiliates of all the Joint Bookrunners, towards the targeted US\$1.75 billion of total project financing that we are seeking. Once we recommence construction, we 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 adjacent Sheraton hotel tower in Phase II. The remaining retail facilities of Phase II are expected to be completed within 24 months after the adjacent Sheraton hotel tower is completed. 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 secured, we expect to spend an additional US\$2.2 billion to complete Phases I and II.

Once construction of Parcels 5 and 6 is completed, economic conditions improve, future demand warrants and additional financing is obtained, we will develop Parcel 3, for which we have obtained a land concession from the Macau Government, followed by Parcels 7 and 8, for which we have not yet obtained a land concession. Parcel 3 is presently planned to include over 4,000 branded hotel rooms and will be connected to the Plaza Macao and the convention and exhibition hall at The Venetian Macao. We expect Parcels 7 and 8 to contain an integrated resort that will be similar in size and scope to the integrated resort located on Parcels 5 and 6.

## SUMMARY

Our total net revenues for the year ended December 31, 2008 were US\$3,053.3 million with an adjusted EBITDAR of US\$686.0 million, a 55.3% and 33.4% increase, respectively, over the same period in 2007. For the six months ended June 30, 2009, our total net revenues were US\$1,500.6 million (HK\$11,629.5 million) with an adjusted EBITDAR of US\$337.7 million (HK\$2,616.8 million). For the six months ended June 30, 2008, our total net revenues were US\$1,490.6 million with an adjusted EBITDAR of US\$349.2 million. The following table sets forth summary financial information for our operations for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,		
	2006	2007	2008	2008	2009	2009
	US\$	US\$	US\$	US\$	US\$	HK\$
	(In millions, except percentages)					
Net revenues						
Casino .....	1,265.2	1,846.2	2,669.7	1,325.4	1,317.1	10,207.7
Rooms .....	0.1	49.3	140.0	67.5	55.5	429.9
Food and beverage .....	12.9	28.1	54.3	24.5	25.4	197.2
Mall .....	—	24.8	123.0	48.4	64.1	496.9
Convention, ferry, retail and other .....	2.9	17.9	66.4	24.8	38.4	297.7
Total net revenues .....	1,281.1	1,966.2	3,053.3	1,490.6	1,500.6	11,629.5
Profit for the year/period .....	375.8	196.1	175.7	114.0	58.0	449.3
Adjusted EBITDAR <sup>(1)</sup> (unaudited) .....	457.7	514.3	686.0	349.2	337.7	2,616.8
Adjusted EBITDAR Margin .....	35.7%	26.2%	22.5%	23.4%	22.5%	22.5%

(1) Adjusted EBITDAR is used by management as the primary measure of operating performance of our Group's properties and to compare the operating performance of our Group's properties with that of its competitors. However, adjusted EBITDAR should not be considered in isolation; construed as an alternative to profit or operating profit; as an indicator of our IFRS operating performance, other combined operations or cash flow data; or as an alternative to cash flow as a measure of liquidity. Adjusted EBITDAR presented in this prospectus may not be comparable to other similarly titled measures of other companies. In addition, our adjusted EBITDAR presented in this prospectus may differ from adjusted EBITDAR presented by LVS for its Macau segment in its filings with the U.S. Securities and Exchange Commission. For a quantitative reconciliation of adjusted EBITDAR to its most directly comparable IFRS measurement, operating profit for the years ended December 31, 2006, 2007 and 2008, for the six months ended June 30, 2008 and 2009 and for the three months ended September 30, 2008 and 2009, see "Financial Information—Summary of Results of Operations—Adjusted EBITDAR."

As part of our business strategy, we intend to focus on the high-margin mass market gaming segment while continuing to provide luxury amenities and high service levels to our VIP and premium players, which have historically accounted for a substantial portion of our gross gaming revenue. For the six months ended June 30, 2009, we derived approximately 12.2% of our total net revenues from non-gaming operations and 45.8% of our gross gaming revenue, or 81.9% of gross gaming profit, from mass market players. In line with our strategy, this percentage represents a material improvement in mass market play over the year ended December 31, 2008. For the year ended December 31, 2008, we derived approximately 12.6% of our total net revenues from non-gaming operations and 43.1% of our gross gaming revenue, or 72.4% of gross gaming profit, from mass market players. According to the DICJ, for the six months ended June 30, 2009, our three existing Macau properties enjoyed an approximately 24.6% share of Macau gaming revenue.

For information on our financial results as of and for the three months ended September 30, 2009, see "—Summary Combined Financial Information" and "Financial Information—Recent Developments."

## SUMMARY

### KEY STRENGTHS

We believe that we have a number of key strengths that differentiate our business from that of our competitors, including the following:

- Diversified, high quality integrated resort offerings with substantial non-gaming amenities;
- Substantial cash flow from existing operations and a significant development pipeline;
- Established brands with broad regional and international market awareness and appeal;
- Experienced management team with proven track record; and
- Significant benefits from our on-going relationship with LVS.

### BUSINESS STRATEGIES

Building on our key strengths, we seek to enhance our position as the leading developer and operator of integrated resorts and casinos in Macau by continuing to implement the following business strategies:

- Develop and diversify our integrated resort offerings in Cotai to include a full complement of products and services to cater to different market segments;
- Leverage our scale of operations to create and maintain an absolute cost advantage;
- Focus on the high-margin mass market gaming segment while continuing to provide luxury amenities and high service levels to our VIP and premium players; and
- Monetize our non-core assets to reduce net investment through the sale of retail malls and the sale or co-op of luxury apart-hotels.

### RISK FACTORS

There are risks and uncertainties relating to our business, the gaming industry in Macau, operating in Macau and mainland China in general, and the Global Offering. A summary of these risks is set forth in "Risk Factors." These risks can be classified as follows:

#### 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.
- 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.
- Certain events relating to our Controlling Shareholders may trigger an event of default under our Macau Credit Facility.
- 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.
- 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 business is particularly sensitive to reductions in discretionary consumer spending resulting from downturns in the economy or other factors.

## SUMMARY

- 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.
- We are dependent upon a single market for all of our current 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.
- 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.
- 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 certain U.S. federal and state laws, which may impose on us greater administrative burdens and costs than we would otherwise have.
- 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.
- We may not be able to monetize some of our non-core real estate assets.
- 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.
- We may have financial and other obligations to foreign workers managed by our construction contractors under government labor quotas.
- Theoretical win rates for our casino operations depend on a variety of factors, some beyond our control.
- We face the risk of fraud or cheating.
- 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.
- 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 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 controlled by LVS, our Controlling Shareholder, whose interest in our business may be different from yours.
- 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.
- Our Group may lose its right to use certain critical trademarks if the Second Trademark Sub-License Agreement is terminated.

## SUMMARY

- As a stand-alone public company, we may not have full access to the resources of LVS and may experience increased costs resulting from our separation from LVS.
- 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.
- 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.
- The food and beverage businesses in our properties could be disrupted if we or our retailers fail to obtain, or experience material delays in obtaining, the necessary licenses.
- From time to time, we may be involved in legal and other proceedings arising out of our operations.
- Our operations are subject to hazards which could cause personal injury, loss of life or damage to property.

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

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



<b>SUMMARY</b>
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**Risks Relating to the Gaming Industry in Macau**

- Conducting business in Macau has certain political, economic and regulatory risks which may affect us.
- 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.
- Policies and measures adopted from time to time by the PRC government could materially and adversely affect our 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 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.
- Exchange rates could change and increase our foreign currency risk.
- Macau's transportation infrastructure may not be adequate to support the development of Macau's gaming industry.
- Macau is susceptible to typhoons that may disrupt operations and damage our properties.

**Risks Relating to the Global Offering**

- An active trading market for our Shares may not develop, which could have a material and adverse effect on our Share price and on your ability to sell your Shares.
- The market price and trading volume for our Shares may be volatile.
- Future offerings or sales of our Shares may negatively impact our Share price and result in dilution.
- As the Offer Price is higher than the unaudited pro forma adjusted net tangible asset value per Share, you will experience immediate dilution in the book value of the Shares you purchased in the Global Offering.
- The Stock Exchange could cancel our listing if we fail to comply with applicable gaming or other laws.
- A Shareholder that is determined to be an unsuitable person by a gaming regulator with authority over our Company or our Controlling Shareholders is subject to prohibitions on receiving dividends and voting our Shares and may have its Shares redeemed by us.
- You may face difficulties in protecting your interests because we are incorporated under Cayman Islands law and these laws may provide different protections to minority shareholders than the laws of Hong Kong.
- You may have difficulty enforcing judgments obtained against us.
- Certain statistics, industry data and other information relating to the Macau, Las Vegas and Atlantic City economy and gaming industry contained in this prospectus are derived from official government sources and may not be reliable.
- You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering, including, in particular, any financial projections, projections, valuations or other forward-looking information.

**PRE-IPO BONDS**

On September 4, 2009, VVDI (II), our immediate Controlling Shareholder, issued the Bonds in the aggregate principal amount of US\$600.0 million to the Bondholders. VVDI (II) used the net proceeds of the issue of the Bonds to lend our Company US\$582.0 million by way of an intercompany shareholder's loan. Concurrent with the completion of the Global Offering, our obligations under the intercompany shareholder's loan will be satisfied by our Company through the issuance of Shares



## SUMMARY

directly to the Bondholders in connection with the mandatory and automatic exchange of the Bonds for Shares. The Bonds will be mandatorily and automatically exchanged for Shares upon the Listing at an exchange price equal to 90.0% of the Offer Price. Immediately upon the completion of the Global Offering, we will not have any shareholders' loans or intercompany payables owed to the LVS Group, save for certain intercompany trade payables to related companies. For further details, please see "Relationship with Our Controlling Shareholders—Independence from the LVS Group."

Each of the Bondholders and the investor groups holding the Bonds is a third party who is not connected with our Group, our Directors or their associates, the LVS Group, LVS's directors or their associates. Upon the mandatory and automatic exchange of the Bonds for Shares, each of the nine investor groups holding the Bonds will own less than approximately 2.0% of our issued and outstanding share capital following the completion of the Global Offering, the Capitalization Issue and the mandatory and automatic exchange of the Bonds for Shares (without taking into account any Shares which may be subscribed by each Bondholder in the International Offering).

### Project Financing Commitments for Parcels 5 and 6

As of the Latest Practicable Date, our wholly owned indirect subsidiary, VOL, has received commitments from a group of commercial banks and financial institutions, including from affiliates of all the Joint Bookrunners, to provide project financing of an aggregate principal amount of US\$1.45 billion or equivalent to VOL to be used primarily to finance a portion of the total project costs expected to be incurred in relation to the recommencement of the development and construction of Phases I and II of the integrated resort on Parcels 5 and 6. VOL is actively seeking to obtain commitments from other commercial banks and financial institutions to provide additional project financing in the aggregate principal amount of up to US\$300.0 million or equivalent, which, if obtained, would result in VOL having total commitments for project financing of US\$1.75 billion. VOL is in advanced discussions with certain commercial banks and financial institutions to provide such additional project financing, and will continue to solicit commitments for additional project financing until it has received its targeted aggregate commitments of at least US\$1.75 billion.

The final extension of the proposed project facilities is subject to certain conditions being satisfied prior to funding. See "Financial Information—Recent Developments—Project Financing Commitments for Parcels 5 and 6."

In connection with the final extension of the proposed project facilities to VOL, we will give an unconditional, unsecured payment and performance guarantee with customary terms and conditions to the lenders under the proposed project facilities. In addition, subject to certain extensions, we have undertaken to ensure the completion of Phases I and II of Parcels 5 and 6 on or before December 31, 2012. The guarantee and undertakings require us to, among other things, obtain all material occupational licenses required to commence substantial operations and to fund all funding and interest shortfalls, including cost overruns, in relation to the construction of Phases I and II of Parcels 5 and 6.

### NET CURRENT LIABILITIES AND CAPITAL COMMITMENTS

As of December 31, 2006, 2007 and 2008, our net current liabilities were US\$13.4 million, US\$171.6 million and US\$1,185.8 million, respectively. As of June 30, 2009, our net current liabilities were 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 the Global Offering. As of December 31, 2006, 2007 and 2008 and as of June 30, 2009, our total borrowings amounted to US\$1,387.5 million, US\$2,941.5 million, US\$3,643.2 million and US\$3,542.5 million (HK\$27.5 billion), respectively. In addition, as of December 31, 2006, 2007 and 2008 and as of June 30, 2009, we had total capital commitments of US\$4,277.0 million, US\$10,163.5 million,

## SUMMARY

US\$7,719.0 million and US\$2,187.3 million (HK\$16,951.6 million), respectively. See “Risk Factors—Risks Relating to Our On-going Operations” and “Financial Information—Factors Affecting Our Results of Operations.”

We have incurred, and will continue to incur, significant capital expenditures associated with the development of new integrated resorts as part of our strategy of building critical mass at our Cotai Strip development. 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 secured, we expect to spend an additional US\$2.2 billion to complete Phases I and II of Parcels 5 and 6. We intend to fund our capital expenditure plans through a combination of debt and equity financings and internal resources, including a portion of the proceeds of the Global Offering. See “Risk Factors—Risks Relating to Our On-going Operations,” “Risk Factors—Risks Relating to Our Cotai Strip Development” and “Financial Information—Factors Affecting Our Results of Operations.”

### KEY TERMS AND CONDITIONS RELATING TO VML’S SUBCONCESSION

Committed investment: .....	MOP4.4 billion <sup>(1)</sup> (US\$0.6 billion)
Expiry Term: .....	June 26, 2022
Special gaming tax: .....	35.0% of gross gaming revenue <sup>(2)</sup> ; plus
Annual gaming premium <sup>(3)</sup> : .....	MOP30.0 million (US\$3.8 million) per annum fixed premium; MOP300,000 (US\$37,500) per annum per VIP gaming table <sup>(4)</sup> ; MOP150,000 (US\$18,750) per annum per mass market gaming table; and MOP1,000 (US\$125) per annum per electric or mechanical gaming machine including slot machines.
Special levies:	
Contribution to a public foundation in Macau for promotion, development and study of culture, society, economy, education, science and charity events: .....	
	1.6% of gross gaming revenue <sup>(2)(5)</sup>
Contribution to the MSAR for urban development, tourism promotion and social security of the Macau Government: .....	
	2.4% of gross gaming revenue <sup>(2)(5)</sup>
Total: .....	4.0% of gross gaming revenue <sup>(2)(5)</sup>

(1) On May 11, 2006, we received a letter from the DICJ confirming completion of our committed investment.

(2) Gross gaming revenue is defined as all revenue derived from casino or gaming areas.

(3) There is currently no limit on the number of VIP gaming tables, mass market gaming tables and electric or mechanical gaming machines that VML can set up.

(4) VML’s VIP gaming tables include tables for VIP, premium and Paiza cash players.

(5) The contribution percentages are subject to change upon re-negotiation between the Concessionaires or the Subconcessionaires, as the case may be, and the Macau Government in 2010.

The Subconcession Contract also contains various general covenants and obligations. Specifically, VML shall, among other obligations:

- submit periodic, detailed financial and operating reports to the Macau Government and furnish any other information that the Macau Government may request;

## SUMMARY

- arrange for its casinos or gaming areas to remain open for operations on a daily basis;
- ensure the proper management and operation of casino games;
- hire staff with appropriate qualifications;
- undertake and operate casino games in a fair and honest manner and free from the influence of criminal activities;
- safeguard and ensure the Macau Government's tax revenue from operation of casino games; and
- maintain required insurance coverage.

VML's Subconcession may be terminated by agreement between VML and Galaxy, but Galaxy is not entitled to unilaterally terminate VML's Subconcession unilaterally. The Macau Government, after consultation with Galaxy, has the right to unilaterally terminate VML's Subconcession Contract for non-compliance with fundamental obligations under the Subconcession Contract and applicable Macau laws such as:

- operation of casino games without permission or operation of business beyond the scope of VML's Subconcession;
- suspension of operations of our gaming business without reasonable grounds for more than seven consecutive days or more than 14 non-consecutive days within one calendar year;
- unauthorized transfer of all or part of VML's gaming operations in Macau in violation of the relevant laws and administrative regulations governing the operation of casino games;
- failure to pay taxes, premiums, levies or other amounts payable to the Macau Government;
- refusal or failure to resume operations or failure to continue operations due to on-going serious disruption or insufficiency of its organization or operations following the temporary assumption of operations by the Macau Government;
- repeated objections to the implementation of supervision and inspection power or repeated failure to comply with decisions of the Macau Government, in particular, DICJ Instructions;
- systematic non-compliance with fundamental obligations stipulated in the applicable laws under the concession regime;
- refusal or failure to provide or replenish the bank guarantee or surety in the Subconcession Contract within the prescribed period;
- bankruptcy or insolvency of VML;
- non-compliance with Macau laws, regulations and/or DICJ Instructions for the purpose of anti-money laundering and counter-terrorism financing;
- fraudulent activity by VML to the detriment of the public interest;
- serious violation of the applicable rules for the operation of casino games or harm to fairness of the casino games;
- grant to a third party the managing powers over gaming activities; and
- non-compliance with the obligation regarding transfer of shares.

These events could ultimately lead to the termination of VML's Subconcession without compensation to VML or even result in potential liability to VML. Upon such termination, all of VML's casinos, slot machine operations and related gaming equipment as well as all property rights to the casino premises in Macau would be automatically transferred to the Macau Government without compensation to VML, and we would cease to generate any revenue from VML's gaming operations. In many of these instances, the Subconcession Contract does not provide a specific cure period within

construction of ferries. The supplemental facility is collateralized by all ferries and guaranteed by VML. Net book values of these ferries were US\$32.5 million, US\$164.0 million and US\$200.2 million as of December 31, 2007 and 2008 and June 30, 2009, respectively.

Borrowings under the facility bear interest at the HIBOR plus 2.0% if borrowings are made in HK\$ (set at 2.3% and 2.1% as of December 31, 2008 and June 30, 2009, respectively) or the London Interbank Offered Rate ("LIBOR") plus 2.0% if borrowings are made in US\$. The weighted average interest rates for the facility were 4.7% and 2.2% for the year ended December 31, 2008 and the six months June 30, 2009, respectively. The undrawn facility as of December 31, 2008 and June 30, 2009, were US\$9.9 million and nil, respectively.

The facility requires CFCL to comply with certain financial covenants, including a leverage ratio of total bank debt to EBITDA and an interest coverage ratio of EBITDA to net finance charges. Measurement of these ratios starts in the second quarter of 2010. Apart from the events of default that are customary for such financing, it is also a default of the facility if there is a material adverse change with respect to the Group's ferry business. The Group's loss of the right to provide ferry services would result in an event of default only if the Group fails to secure new rights to provide ferry services after six months of the loss of the right (known as a "discussion period"), during which the Group can seek a new arrangement that would allow it to resume the provision of ferry services.

The secured credit facility agreement for ferry financing was subsequently amended on August 20, 2009 (see Note 35(b)).

- (c) In March 2008, in order to finance the purchase of vehicles, VML entered into a MOP200.9 million (approximately US\$25.2 million at exchange rates in effect on June 30, 2009) credit facility, which is available for borrowing until December 31, 2010. The proceeds from the credit facility were used to reimburse VML for cash spent on purchase of vehicles. The facility matures on December 31, 2011, and is subject to interest payments, which commenced in June 2008, with the principal due in four equal quarterly installments in 2011. Borrowings under the facility bear interest at 3-month HIBOR plus 2.25% (set at 3.2% and 2.6% per annum at December 31, 2008 and June 30, 2009, respectively), and the facility is collateralized by the vehicles purchased with this loan. The weighted average interest rate for the facility were 4.5% and 3.2% per annum for the year ended December 31, 2008, and for the six months ended June 30, 2009, respectively. Net book values of these vehicles were MOP66.8 million (approximately US\$8.4 million at exchange rates in effect on December 31, 2008) and MOP58.9 million (approximately US\$7.4 million at exchange rates in effect on June 30, 2009) as of December 31, 2008 and June 30, 2009, respectively.

## 28 Finance lease liabilities

The Group is a lessee under finance leases for equipment.

Lease liabilities are effectively secured, as the rights of the leased asset revert to the lessor in the event of default.

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The future minimum lease payments (including interest), and the present value of the minimum lease payments under finance lease are as follows:

	As of December 31,			As of
	2006	2007	2008	June 30,
	US\$'000	US\$'000	US\$'000	2009
Minimum lease payments:				US\$'000
Later than 1 year and no later than 2 years	347	25	257	245
Later than 2 years and no later than 5 years	8	24	269	251
Later than 5 years	16	44	306	185
	371	93	832	681
Future finance charges on finance lease obligations	(9)	(12)	(140)	(103)
Present value of finance lease liabilities	362	81	692	578
Present value of minimum lease payments:				
Later than 1 year and no later than 2 years	340	20	191	189
Later than 2 years and no later than 5 years	7	21	221	216
Later than 5 years	15	40	280	173
	362	81	692	578

**29 Trade and other payables**

	Note	As of December 31,			As of
		2006	2007	2008	June 30,
		US\$'000	US\$'000	US\$'000	2009
Trade payables	(a)	11,085	20,248	21,434	27,714
Construction payables and accruals		233,374	363,282	303,059	285,990
Deposits		19,257	54,035	60,714	66,041
Payables to related companies—non-trade	33(e)	135,610	108,146	1,240,753	1,233,828
Other tax payables		65,220	129,145	119,420	113,196
Notes interest payable to related companies	33(g)	1,255	1,303	1,115	787
Interest payables		596	1,631	937	777
Other payables and accruals		78,110	241,343	247,273	262,481
		544,507	919,133	1,994,705	1,990,814
Less: non-current portion relating to deposits		(282)	(6,831)	(12,663)	(12,872)
Current portion		544,225	912,302	1,982,042	1,977,942

The Group's trade and other payables are denominated in the following currencies:

	As of December 31,			As of
	2006	2007	2008	June 30,
	US\$'000	US\$'000	US\$'000	2009
US\$	136,053	143,598	1,263,698	1,252,276
MOP	352,644	562,587	516,032	526,141
HK\$	55,621	210,571	210,694	210,273
Other currencies	189	2,377	4,281	2,124
	544,507	919,133	1,994,705	1,990,814

## (a) Trade payables

	As of December 31,			As of June 30, 2009
	2006 US\$'000	2007 US\$'000	2008 US\$'000	US\$'000
0 – 30 days .....	5,615	10,673	6,081	7,643
31 – 60 days .....	3,772	3,705	6,726	8,486
61 – 90 days .....	664	2,431	2,037	4,205
Over 90 days .....	1,034	3,439	6,590	7,380
	<u>11,085</u>	<u>20,248</u>	<u>21,434</u>	<u>27,714</u>

## 30 Note to combined statements of cash flows

Cash generated from operations is as follows:

	Year ended December 31,			Six months ended June 30,	
	2006 US\$'000	2007 US\$'000	2008 US\$'000	2008 US\$'000 (Unaudited)	2009 US\$'000
Profit before income tax .....	375,836	196,084	175,905	114,127	58,144
Adjustments for:					
Interest income .....	(27,783)	(29,226)	(4,801)	(2,454)	(281)
Interest and other finance costs .....	27,170	72,283	115,601	56,656	45,291
Depreciation and amortization .....	35,163	104,047	268,220	123,388	158,444
Amortization of leasehold interests in land .....	651	9,533	11,647	5,755	6,006
Amortization of deferred financing costs .....	2,183	3,302	6,394	3,093	4,707
Write-off deferred financing costs .....	—	—	—	—	777
Amortization of deferred rent .....	—	1,907	11,902	4,622	8,802
Amortization of other assets .....	67	1,537	7,147	757	4,853
Loss on disposal of property and equipment .....	1,940	562	1,622	1,184	4,894
Provision for doubtful accounts .....	448	1,238	15,022	917	18,739
Share-based compensation expense .....	—	—	15,163	7,310	3,457
Fair value losses/(gains) on financial assets through profit or loss .....	492	592	44	(54)	—
Net foreign exchange losses/(gains) .....	704	3,187	(27,648)	(1,951)	193
Changes in working capital:					
Leasehold interests in land, net .....	(2,828)	(235,161)	(49,596)	(17,655)	(16,085)
Inventories .....	(440)	(6,766)	(2,414)	(1,793)	796
Trade and other receivables and prepayments, net .....	(11,813)	(85,290)	(242,074)	(98,279)	19,991
Other assets .....	148	(33,911)	(32,790)	(6,224)	(2,298)
Trade and other payables .....	76,111	265,650	(13,117)	14,589	(33,782)
Cash generated from operations .....	<u>478,049</u>	<u>269,568</u>	<u>256,227</u>	<u>203,988</u>	<u>282,648</u>

**31 Commitments and contingencies****(a) Capital commitments**

Property and equipment commitments not provided for are as follows:

	As of December 31,			As of June 30, 2009
	2006	2007	2008	
	US\$'000	US\$'000	US\$'000	US\$'000
Contracted but not provided for .....	783,888	1,755,512	1,422,130	289,036
Authorized but not contracted for .....	3,493,099	8,407,987	6,296,869	1,898,230
	<u>4,276,987</u>	<u>10,163,499</u>	<u>7,718,999</u>	<u>2,187,266</u>

**(b) Operating lease commitments****(i) The Group as the lessee**

The Group had future aggregate minimum lease payments under non-cancellable operating leases for interests in land and buildings as follows:

	As of December 31,			As of June 30, 2009
	2006	2007	2008	
	US\$'000	US\$'000	US\$'000	US\$'000
No later than one year .....	6,963	64,775	52,166	37,183
Later than one year and no later than five years .....	8,750	62,216	38,288	35,049
Later than five years .....	<u>2,757</u>	<u>60,385</u>	<u>57,357</u>	<u>54,309</u>
	<u>18,470</u>	<u>187,376</u>	<u>147,811</u>	<u>126,541</u>

**(ii) The Group as the lessor/grantor of the right of use**

The future aggregate minimum lease/base fee rent receivables under non-cancelable agreements for land and buildings are as follows:

	As of December 31,			As of June 30, 2009
	2006	2007	2008	
	US\$'000	US\$'000	US\$'000	US\$'000
No later than one year .....	156	92,147	135,708	119,654
Later than one year and no later than five years .....	363	279,768	331,458	264,712
Later than five years .....	<u>—</u>	<u>81,948</u>	<u>135,057</u>	<u>157,104</u>
	<u>519</u>	<u>453,863</u>	<u>602,223</u>	<u>541,470</u>

**(c) Litigation**

The Group has contingent liabilities with respect to legal claims arising in the ordinary course of business in addition to the matter noted below. Management has made certain estimates for potential litigation costs based upon consultation with legal counsel and believes that no significant loss will be incurred beyond the amounts provided for as of June 30, 2009. Actual results could differ from these estimates; however, in the opinion of management, it is not anticipated that any material liabilities will arise from the contingent liabilities.

On January 2, 2008, a Hong Kong ferry operator namely Norte Oeste Expresso Ltd. ("Northwest Express") filed an action against the Chief Executive of the Macau Government and CFCL, as an interested party, challenging the Macau Government's agreement with CFCL for the operation of ferry service between Hong Kong and Cotai. The basis of the legal challenge is that under Macau



law, any concessions related to the provision of a public service must be awarded through a public tender process. On February 19, 2009, the Court of Second Instance in Macau held that it was unlawful for the Macau Government to enter into the ferry agreement with CFCL without engaging in a public tender process, and that the ferry agreement with CFCL was void. The Group relied on the advice of counsel in obtaining the ferry agreement and believes that it has complied with all applicable laws, procedures and Macau practice. The Group believes that all contracts to operate ferries to and from Macau were entered into in the same fashion as the ferry agreement with CFCL. Accordingly, CFCL and the Macau Government have appealed the decision to the Court of Final Appeal in Macau. The Group will cooperate with the Macau Government during the appeal period to resolve this matter. CFCL expects to continue to operate its ferry service until a decision on the appeal is rendered or the matter is otherwise resolved. If the decision is upheld by the Court of Final Appeal, the CFCL ferry agreement may be void, absent other action by the Macau Government. Based on the advice of the Macau legal advisor, the Group believes that, although uncertain, the outcome of the decision of the Court of Final Appeal is more likely to be unfavorable than favorable. If CFCL is unable to continue to operate its ferry service, the Group will need to develop alternative means of transporting visitors to its Cotai Strip properties. Under the terms of the ferry financing facility (see Note 27(b)), an event of default would occur if, upon losing the right to operate ferry services, the Group is unable to secure renewed rights to provide ferry services within six months of the loss of such right. Accordingly, if the Group is unable to do so, a significant loss of visitors to its Cotai Strip properties may result, which could have a material adverse effect on the Group's financial condition, results of operations or cash flows. This may also result in a potential impairment charge on the approximately US\$244.2 million in capitalized costs related to the Group's ferry operations as of June 30, 2009.

**(d) Cotai Strip development projects**

Given current conditions in the capital markets and the global economy and their impact on the Group's ongoing operations, the Group announced in November 2008 its revised development plan to suspend its development projects. Should general economic conditions fail to improve, if the Group is unable to obtain sufficient funding such that completion of the suspended projects is not probable, all or a portion of the Group's investment to date on the suspended projects could be lost and would result in an impairment charge.

The Group has obtained a final draft of the land concession contract for Parcels 5 and 6 from the Macau Government and upon successfully obtaining the land concession for Parcels 5 and 6, will subsequently negotiate the land concession for Parcels 7 and 8. Based on historical experience with the Macau Government with respect to the Group's land concessions for Sands Macao and Parcels 1, 2 and 3, management believes that the land concessions for Parcels 5, 6, 7 and 8 will be granted. However, if the Group does not obtain these land concessions, the Group could forfeit all or a substantial part of its US\$1.8 billion capitalized construction costs as of June 30, 2009, incurred for the developments on Parcels 5, 6, 7 and 8.

The Group had commenced pre-construction on Parcel 3, and has capitalized costs of approximately US\$35.6 million as of June 30, 2009. Under the revised terms of the land concession approved by the Macau Government on August 20, 2009 that covers Parcel 3, the Group is required to complete development of Parcel 3 by April 17, 2013. Management believes that if the Group is unable to complete the development of Parcel 3 by the deadline, it will be able to obtain an extension from the Macau Government. However, no assurances can be given that an extension will be granted. If the Group is not able to meet the April 2013 deadline and that deadline is not extended, the Macau Government has the right to unilaterally terminate the land concession and the Group could lose its investment in, and right to operate, any properties developed under the land concession for Parcel 3 without compensation to the Group.

**(e) Construction labor**

The Group has utilized imported construction labor quota granted to it by the Macau Department of Labor for purposes of constructing the Cotai Strip properties. The Group is primarily liable for all employer costs associated with persons employed under this grant. Such employees are managed and supervised by various construction companies contracted by the Group to build the Cotai Strip properties. The construction companies are contractually obligated to pay all employer costs and to indemnify the Group for any costs it may incur as a result of the persons employed. In addition, the Group has the right of offsetting such costs against any amounts due to the construction companies. However, the Group may still have the contingency for the payments to the construction labor if the construction companies fail to pay the salaries and the amounts owed by the Group to the construction companies are not sufficient to offset the amounts due to the construction labor. As of June 30, 2009, the Group continued to employ workers under this arrangement with various construction companies.

## 32 Particulars of principal subsidiaries

Upon completion of the Reorganization and as of the date of this report, the Group has direct or indirect interests in the following principal subsidiaries:

Name	Place and date of incorporation/ establishment	Principal activities	Particulars of issued share/ registered capital	Effective interests held	Note
<b>Directly held:</b>					
Venetian Venture Development Intermediate Limited ("VVDIL")	Cayman Islands, June 21, 2002	Investment holding	US\$1	100%	(a)
LVS IP Holdings, LLC	United States of America, September 29, 2009	Holder of trademark licenses	US\$100	100%	(a)
<b>Indirectly held:</b>					
VML US Finance LLC	United States of America, January 3, 2006	Financing	Nil	100%	(a)
Cotai Strip Lot 2 Apart Hotel (Macau) Limited	Macau, October 27, 2008	Hotel apartments	MOP4,100,000 MOP3,121,000 (preference shares)	100% 100%	(b)
Venetian Cotai Hotel Management Limited	Macau, March 12, 2008	Human resources administration	MOP500,000	100%	(b)
Venetian Orient Limited	Macau, February 2, 2006	Hotels and restaurants	MOP100,000	100%	(b)
Venetian Travel Limited	Macau, October 16, 2006	Travel and tourism agency services	MOP1,800,000	100%	(b)
Cotai Retail Concepts Limited	Macau, May 10, 2007	Retail distribution of merchandise	MOP100,000	100%	(b)
Venetian Retail Limited	Macau, June 15, 2007	Mall management	MOP1,500,000	100%	(b)
Cotai Ferry Company Limited	Macau, July 19, 2007	High speed ferry transportation services	MOP1,000,000	100%	(b)
Cotai Human Resources Management Limited	Macau, July 21, 2007	Human resources administration	MOP1,000,000	100%	(b)
Cotai WaterJets (HK) Limited	Hong Kong, July 11, 2007	Holding investments	HK\$1	100%	(c)
CotaiJet Holdings (II) Limited	Hong Kong, November 23, 2007	Holding investments	HK\$1	100%	(c)
Venetian Macao Finance Company	Cayman Islands, July 23, 2003	Financing (dormant since May 2005)	US\$1	100%	(a)

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Name	Place and date of incorporation/ establishment	Principal activities	Particulars of issued share/ registered capital	Effective interests held	Note
V-HK Services Limited	Hong Kong, September 6, 2004	Marketing and customer development services for VML	HK\$1	100%	(c)
Venetian Cotal Limited	Macau, November 11, 2004	Hotels, restaurants, shopping mall, and conference and convention	MOP200,000,000	100%	(b)
Venetian Macau Limited	Macau, June 21, 2002	Gaming and other related activities	MOP200,000,000	100%	(b), (e)
Zhuhai Cotal Logistics Hotel Services Co., Ltd.	The People's Republic of China, September 27, 2007	Procurement, marketing and administrative services	US\$4,500,000	100%	(d)
CotaiJet 311 Limited	Cayman Islands, August 14, 2007	Ferry leasing	US\$1	100%	(a)
CotaiJet 312 Limited	Cayman Islands, August 14, 2007	Ferry leasing	US\$1	100%	(a)
CotaiJet 313 Limited	Cayman Islands, August 14, 2007	Ferry leasing	US\$1	100%	(a)
CotaiJet 314 Limited	Cayman Islands, September 12, 2007	Ferry leasing	US\$1	100%	(a)
CotaiJet 315 Limited	Cayman Islands, September 12, 2007	Ferry leasing	US\$1	100%	(a)
CotaiJet 316 Limited	Cayman Islands, October 8, 2007	Ferry leasing	US\$1	100%	(a)
CotaiJet 317 Limited	Cayman Islands, October 8, 2007	Ferry leasing	US\$1	100%	(a)
CotaiJet 318 Limited	Cayman Islands, October 8, 2007	Ferry leasing	US\$1	100%	(a)
CotaiJet 319 Limited	Cayman Islands, October 8, 2007	Ferry leasing	US\$1	100%	(a)
CotaiJet 320 Limited	Cayman Islands, October 8, 2007	Ferry leasing	US\$1	100%	(a)
CotaiJet 350 Limited	Cayman Islands, January 21, 2008	Ferry leasing	US\$1	100%	(a)
CotaiJet 351 Limited	Cayman Islands, January 21, 2008	Ferry leasing	US\$1	100%	(a)
CotaiJet 352 Limited	Cayman Islands, January 21, 2008	Ferry leasing	US\$1	100%	(a)
CotaiJet 353 Limited	Cayman Islands, January 21, 2008	Ferry leasing	US\$1	100%	(a)

## Notes:

- (a) No audited financial statements were prepared for these companies as they are not required to issue audited financial statements under the local statutory requirements.
- (b) Audited by Lowe Bingham & Matthews—PricewaterhouseCoopers for each of the years ended December 31, 2006, 2007 and 2008.
- (c) Audited by PricewaterhouseCoopers for each of the years ended December 31, 2006, 2007 and 2008.
- (d) Audited by PricewaterhouseCoopers Zhong Tian CPAs Limited Company for each of the years ended December 31, 2006, 2007 and 2008.
- (e) 10% of the company's issued share capital is held through an usufruct agreement whereby VVDIL has the sole and exclusive benefit. Accordingly, the profits and losses and assets and liabilities of the company have been consolidated as to 100% thereof into the Financial Information.

**33 Related party transactions**

For the purposes of this Financial Information, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities, and include entities which are under the significant influence of related parties of the Group where those parties are individuals.

Immediately after the Reorganization, the Group's immediate holding company is VVDI (II), a company incorporated in the Cayman Islands. LVS is the Group's ultimate holding company. Related companies represent the group companies of the LVS group.

Save as disclosed elsewhere in the Financial Information, the Group has the following transactions during the Relevant Periods:

**(a) Continuing transactions****(i) Management fees**

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Ultimate Parent Company .....	—	—	6,448	—	1,361
Fellow subsidiaries .....	6,131	16,242	22,952	12,208	9,261
	<u>6,131</u>	<u>16,242</u>	<u>29,400</u>	<u>12,208</u>	<u>10,622</u>

Management services are provided by LVS and six other fellow subsidiaries for providing services including but not limited to human resources support, accounting services, sourcing of goods and services, sourcing of tenants for the malls and other various types of marketing and promotion activities for the Group. Management fees are charged on a cost-plus basis, allowing a margin of 5% to 10%.

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Management fees disclosed below can be reconciled to the management fees as disclosed in Note 6(a), Note 6(b) and Note 8(a)(i) as follows:

	Note	Year ended December 31,			Six months ended June 30,	
		2006	2007	2008	2008	2009
		US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Total management fees disclosed in "Related Party Transactions" .....		6,131	16,242	29,400	12,208	10,622
Less: amounts included as "Deferred leasing fees" ...		—	(2,359)	(574)	(425)	—
amounts capitalized as "Construction-in-progress" .....		(1,274)	(1,816)	(2,600)	(1,250)	—
Net amounts expensed in combined income statements .....		<u>4,857</u>	<u>12,067</u>	<u>26,226</u>	<u>10,533</u>	<u>10,622</u>
<b>Represented by management fees presented within:</b>						
Segment information—Corporate expense .....	6(a)	—	—	7,227	—	2,576
Segment information—Pre-opening expense .....	6(b)	—	8,178	7,207	4,252	—
Other operating and administrative departments ...		<u>4,857</u>	<u>3,889</u>	<u>11,792</u>	<u>6,281</u>	<u>8,046</u>
		<u>4,857</u>	<u>12,067</u>	<u>26,226</u>	<u>10,533</u>	<u>10,622</u>
<b>Reconciled to management fees presented within "Other expense" as below:</b>						
Net management fees charged by related parties and expensed through income statements .....		4,857	12,067	26,226	10,533	10,622
Management fees charged by third parties .....		—	2,834	3,267	1,531	2,459
Total management fees expensed .....	8(a)(i)	<u>4,857</u>	<u>14,901</u>	<u>29,493</u>	<u>12,064</u>	<u>13,081</u>

(ii) Interest income

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Ultimate Parent Company .....	289	—	—	—	—
Fellow subsidiaries .....	<u>384</u>	<u>4,591</u>	<u>46</u>	<u>23</u>	<u>11</u>
	<u>673</u>	<u>4,591</u>	<u>46</u>	<u>23</u>	<u>11</u>

(iii) Interest expense

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Ultimate Parent Company .....	7,262	2,664	2,702	1,338	1,579
Intermediate holding companies .....	<u>847</u>	<u>3,685</u>	<u>3,059</u>	<u>1,594</u>	<u>676</u>
	<u>8,109</u>	<u>6,349</u>	<u>5,761</u>	<u>2,932</u>	<u>2,255</u>

(iv) Expenses billed to/paid by other LVS group companies

During the year ended December 31, 2008 and the six months ended June 30, 2008 and 2009, the Group charged an LVS Group company for certain expenses paid on its behalf at cost of US\$1.6 million, US\$0.1 million (unaudited) and US\$1.2 million, respectively.

Other LVS group companies incurred certain expenses on behalf of the Group. These expenses were reimbursed by the Group at cost.

**(b) Non-continuing transactions**

**(i) Legal services**

The Group's previous Managing Director provided legal services to the Group on a regular basis. During the years ended in December 31, 2006, 2007 and 2008, and the six months ended June 30, 2008 and 2009, the Group paid approximately US\$1.1 million, US\$1.5 million, US\$1.0 million, US\$0.7 million (unaudited) and nil for related services, respectively.

**(c) Notes receivable from related companies—non-trade**

	Notes	As of December 31,			As of
		2006	2007	2008	June 30,
		US\$'000	US\$'000	US\$'000	2009
Fellow subsidiaries.....	(i),(ii)	—	141,000	800	800
Less: non-current portion .....	(ii)	—	(500)	(500)	—
Current portion .....		—	140,500	300	800

- (i) The promissory note of US\$140.5 million issued by Venetian Marketing Services Limited ("VMSL"), which was originally due on April 30, 2012, was fully paid in January 2008. The note is unsecured and bears interest at a rate or rates per annum equal to the rates applicable to the Macau Credit Facility (Note 27(a)).
- (ii) Two promissory notes issued by Venetian International Marketing Services (HK) Limited ("VIMSL") include US\$0.3 million and US\$0.5 million, both of which will be due on February 1, 2010. Both notes are unsecured and bear interest at a rate or rates per annum equal to the rates applicable to the Macau Credit Facility (Note 27(a)).

Upon the completion of the initial public offering of the Company's shares on the Hong Kong Stock Exchange Limited (the "Global Offering"), the notes receivable, notes interest receivables and receivables from related companies as set out in note (d) and note (e) below will be fully settled.

**(d) Notes interest receivable from related companies—non-trade**

	As of December 31,			As of
	2006	2007	2008	June 30,
	US\$'000	US\$'000	US\$'000	2009
Fellow subsidiaries .....	—	4,591	57	67
	—	4,591	57	67



(e) Year-end balances arising from operating expenses paid by/on behalf of and advance to/ from the Group:

	As of December 31,			As of June 30,
	2006 US\$'000	2007 US\$'000	2008 US\$'000	2009 US\$'000
Receivables from related companies:				
Fellow subsidiaries .....	619	7,742	30,151	3,073
Payables to related companies:				
Ultimate Parent Company .....	114,179	40,453	366,220	397,260
Intermediate holding companies .....	17,943	28,842	871,157	820,194
Fellow subsidiaries .....	3,488	38,851	3,376	16,374
	<u>135,610</u>	<u>108,146</u>	<u>1,240,753</u>	<u>1,233,828</u>

The receivables and payables are unsecured, interest-free and have no fixed terms of repayment.

Upon the completion of the Global Offering, the Group will fully settle the payables to related companies as well as the notes payable and notes interest payable to related companies as set out in note (f) and (g) below.

(f) Notes payable to related companies

	As of December 31,			As of June 30,
	2006 US\$'000	2007 US\$'000	2008 US\$'000	2009 US\$'000
Ultimate Parent Company .....	72,842	73,562	94,309	114,804
Intermediate holding company .....	51,790	55,625	58,881	60,005
	<u>124,632</u>	<u>129,187</u>	<u>153,190</u>	<u>174,809</u>

The promissory note issued by the Group to LVS, the Ultimate Parent Company, which is due on December 18, 2013, as of December 31, 2006, 2007 and 2008 and as of June 30, 2009, amounts to US\$72.8 million, US\$73.6 million, US\$74.3 million and US\$74.7 million, respectively, and is unsecured and bears interest at 3.59% per annum.

The promissory note issued to LVS, LLC, an intermediate holding company incorporated in the United States of America, which is due on December 31, 2013, as of December 31, 2006, 2007 and 2008 and as of June 30, 2009, amounts to US\$51.8 million, US\$55.6 million, US\$58.9 million and US\$60.0 million, respectively, and is unsecured and bears interest calculated on a daily basis at 3-month LIBOR plus 1.75% per annum, adjusted quarterly.

Interests on the two notes are payable quarterly in arrears. The Group has the option not to pay all or part of interest accrued on the scheduled payment dates. If the Group elects to do so, the unpaid interest is added to the outstanding principal amount of the notes.

The balance due to LVS includes another note issued by the Group which has no fixed terms of repayment. The amount of the note as of December 31, 2006, 2007, 2008 and as of June 30, 2009 is nil, nil, US\$20.0 million and US\$40.1 million respectively. It is unsecured and bears interest calculated on a daily basis at 3-month LIBOR plus 1.75% per annum, adjusted quarterly.

**(g) Notes interest payable to related parties**

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US\$'000	US\$'000	US\$'000	US\$'000
Ultimate Parent Company.....	312	315	322	443
Intermediate holding companies.....	943	988	793	344
	<u>1,255</u>	<u>1,303</u>	<u>1,115</u>	<u>787</u>

**(h) Key management personnel remuneration**

No transaction has been entered with the directors of the Company (being the key management personnel) during the Relevant Periods other than the emoluments paid to them (being the key management personnel remuneration) as disclosed in Note 7.

**(i) Share-based compensation**

The Group participates in the share-based compensation plans of the Ultimate Parent Company (Notes 7 and 34).

**34 Share-based compensation**

The Company participates in the equity settled share-based compensation plans of LVS and is a party to a nonqualified share option plan, the 2004 Plan, which is described below. The plan provides for the granting of share options pursuant to the applicable provisions of the Internal Revenue Code and regulations in the United States of America.

LVS adopted the 2004 Plan, to which the Company is a party, for grants of option to purchase its common shares. The purpose of the 2004 Plan is to give LVS and its subsidiaries (collectively the "LVS Group") a competitive edge in attracting, retaining, and motivating employees, directors and consultants and to provide the LVS Group with a share plan providing incentives directly related to increases in its shareholder value. Any of the LVS Group's employees, directors or officers and many of its consultants are eligible for awards under the 2004 Plan. The 2004 Plan provides for an aggregate of 26,344,000 shares of LVS's common shares to be available for awards. The 2004 Plan has a term of ten years and no further awards may be granted after the expiration of the term. LVS's compensation committee may grant awards of nonqualified share options, incentive (qualified) share options, share appreciation rights, restricted share awards, restricted share units, share bonus awards, performance compensation awards or any combination of the foregoing. As of June 30, 2009, there were 10,081,776 shares available for grant under the 2004 Plan.

Stock option awards are granted with an exercise price equal to the fair market value (as defined in the 2004 Plan) of LVS's stock on the date of grant. The outstanding stock options generally vest over four years and have ten-year contractual terms. Compensation cost for all stock option grants is net of estimated forfeitures and is recognized on a straight-line basis over the awards' respective requisite service periods. LVS estimates the fair value of stock options using the Black-Scholes option-pricing model. Expected volatilities are based on a combination of LVS's historical volatility and the historical volatilities from a selection of companies from LVS's peer group due to LVS's lack of historical information. The Group estimated the expected option life based on life of options, exercise prices, current price of the underlying shares and other factors. The risk-free interest rate for periods equal to the expected term of the share options is based on the U.S Treasury yield curve in effect at the time of grant. LVS has no legal or constructive obligation to repurchase or settle the options in cash.

Prior to 2008, LVS charged the Group the share-based compensation expenses equivalent to the fair value of the share options granted by LVS to the directors and employees of the Group. The share-based compensation expenses were charged to consolidated income statement and credited to payables to related companies.

Starting from 2008, LVS ceased to charge the Group the share-based compensation. For the purpose of financial reporting of the Group, share-based compensation expense arising from the granting of share options by LVS to the directors and employees of the Group, to the extent of services rendered to the Group, is deemed to have been allocated to the Group as its expense with the corresponding increase in the share option reserve under equity in the relevant companies comprising the Group.

Movements in the number of share options outstanding and their related weighted average exercise prices attributable to the employees of the Group as grantees of the share option scheme operated by LVS are as follows:

	Year ended December 31,						Six months ended June 30, 2009	
	2006		2007		2008		Weighted average exercise price <sup>(i)</sup>	Number of options <sup>(ii)</sup>
	Weighted average exercise price <sup>(i)</sup>	Number of options <sup>(ii)</sup>	Weighted average exercise price <sup>(i)</sup>	Number of options <sup>(ii)</sup>	Weighted average exercise price <sup>(i)</sup>	Number of options <sup>(ii)</sup>		
	US\$	('000) <sup>(iii)</sup>	US\$	('000) <sup>(iii)</sup>	US\$	('000) <sup>(iii)</sup>	US\$	('000) <sup>(iii)</sup>
Outstanding at January 1.....	29.93	1,119	43.72	1,492	59.41	1,862	63.36	2,872
Granted .....	54.34	842	81.71	747	67.72	1,479	7.68	179
Transfer-in <sup>(iii)</sup> .....	—	—	39.27	11	60.63	41	56.14	109
Exercised .....	30.22	(75)	38.64	(195)	34.82	(69)	—	—
Transfer-out <sup>(iii)</sup> .....	30.07	(158)	56.83	(52)	65.24	(122)	50.50	(254)
Forfeited .....	29.58	(235)	39.67	(141)	65.54	(291)	68.63	(654)
Expired .....	29.00	(1)	—	—	66.38	(28)	62.59	(248)
Outstanding at December 31/ June 30 .....	43.72	1,492	59.41	1,862	63.36	2,872	58.00	2,004
Exercisable at December 31/ June 30 .....	29.55	78	36.26	197	52.26	514	58.59	601

(i) Exercise price is expressed in US dollars.

(ii) Number of options represent the number of ordinary shares in LVS into which the options are exercisable.

(iii) Transfer-in and transfer-out represent movement of options owned by grantees who transferred from other subsidiaries of LVS to the Group, or vice versa.

The above share options outstanding as of the dates indicated have the following remaining contractual lives and exercise prices:

Exercise price <sup>(i)</sup>	As of December 31,				As of June 30, 2009			
	2006		2007		2008		2009	
	Number of options outstanding ('000) <sup>(ii)</sup>	Weighted average remaining contractual life	Number of options outstanding ('000) <sup>(ii)</sup>	Weighted average remaining contractual life	Number of options outstanding ('000) <sup>(ii)</sup>	Weighted average remaining contractual life	Number of options outstanding ('000) <sup>(ii)</sup>	Weighted average remaining contractual life
5.03.....	—	—	—	—	130,000	9.92	40,000	9.43
5.93.....	—	—	—	—	—	—	5,100	9.54
7.73.....	—	—	—	—	—	—	174,000	9.97
29.00....	563,508	7.96	376,828	6.96	272,487	5.95	173,925	5.46
30.54....	21,750	8.80	15,000	7.80	13,500	6.80	2,500	6.30
33.55....	—	—	—	—	5,000	9.53	5,000	9.04
37.18....	60,000	8.53	60,000	7.53	60,000	6.52	60,000	6.03
39.30....	—	—	—	—	5,000	9.52	5,000	9.02
42.59....	455,700	9.03	362,550	8.03	318,100	7.03	228,342	6.53
44.03....	—	—	—	—	55,000	9.58	105,000	9.08
45.65....	15,000	8.91	—	—	—	—	—	—
47.53....	86,000	9.12	72,000	8.12	48,250	7.12	31,250	6.62
50.93....	—	—	—	—	5,000	9.63	5,000	9.13
62.20....	120,000	9.32	105,000	8.32	105,000	7.32	—	—
64.11....	—	—	—	—	7,500	9.43	7,500	8.93
68.05....	20,000	9.43	20,000	8.43	—	—	—	—
69.60....	—	—	—	—	664,500	9.31	407,000	8.81
72.76....	—	—	—	—	5,000	9.38	—	—
76.70....	—	—	541,400	9.38	381,375	8.38	255,750	7.88
78.02....	—	—	30,000	9.41	30,000	8.41	30,000	7.92
82.35....	100,400	9.86	64,450	8.86	46,050	7.86	31,050	7.36
82.83....	—	—	—	—	526,000	9.23	384,125	8.73
83.84....	—	—	17,500	9.16	17,500	8.16	—	—
87.91....	—	—	30,000	9.16	2,500	8.16	—	—
91.44....	—	—	—	—	7,500	9.12	—	—
93.76....	—	—	20,000	9.59	20,000	8.59	20,000	8.09
94.84....	50,000	9.95	50,000	8.95	50,000	7.95	—	—
97.79....	—	—	5,000	9.65	5,000	8.65	5,000	8.16
99.57....	—	—	50,000	9.10	50,000	8.10	—	—
99.92....	—	—	5,000	9.64	5,000	8.64	—	—
118.15 ..	—	—	37,000	9.87	37,000	8.87	28,000	8.37
	<u>1,492,358</u>	<u>8.72</u>	<u>1,861,728</u>	<u>8.41</u>	<u>2,872,262</u>	<u>8.36</u>	<u>2,003,542</u>	<u>8.09</u>

(i) Exercise price is expressed in US dollars.

(ii) Number of options represent the number of ordinary shares in LVS into which the options are exercisable.

Options exercised during the years ended December 31, 2006, 2007 and 2008 resulted in 74,918, 194,745 and 68,912 shares, respectively, of the Ultimate Parent Company being issued at weighted average prices of US\$30.22, US\$38.64, US\$34.82, respectively. The related weighted average share prices at the time of exercise were US\$70.47, US\$101.08, US\$83.72 per share during the years ended December 31, 2006, 2007 and 2008, respectively. During the six months ended June 30, 2009, no options were exercised.

The significant inputs into the Black-Scholes option-pricing model in determining the fair value of the share options granted by LVS during the years/period presented are as follows:

	Year ended December 31,			Six months ended
	2006	2007	2008	June 30, 2009
Risk-free annual interest rate .....	4.55%	4.51%	2.97%	2.65%
Dividend yield .....	—	—	—	—
Expected life (years) .....	6.0	6.0	6.4	6.3
Expected volatility <sup>(i)</sup> .....	31.21%	30.66%	36.56%	77.35%
Weighted average share price (US\$) .....	54.34	81.71	67.72	7.68
Weighted average exercise price (US\$) .....	54.34	81.71	67.72	7.68
Weighted average fair value of each share option granted by LVS (US\$) .....	21.57	32.06	27.78	5.18

- (i) Expected volatility is calculated based on a combination of LVS's historical volatility and the historical volatilities from a selection of LVS's peer group over the period that has the same length as the expected life of each grant.

Movements in the number of restricted shares outstanding and the respective weighted average grant date fair value attributable to the employees of the Group as grantees of the restricted shares granted by LVS are as follows:

	Year ended December 31,						Six months ended
	2006		2007		2008		June 30, 2009
	Weighted average grant date fair value <sup>(i)</sup>	Number of restricted shares ('000) <sup>(ii)</sup>	Weighted average grant date fair value <sup>(i)</sup>	Number of restricted shares ('000) <sup>(ii)</sup>	Weighted average grant date fair value <sup>(i)</sup>	Number of restricted shares ('000) <sup>(ii)</sup>	Weighted average grant date fair value <sup>(i)</sup>
	US\$		US\$		US\$		US\$
Outstanding at January 1 .....	37.09	1	63.37	1	78.62	1	—
Granted .....	63.37	1	78.62	1	—	—	7.30
Vested .....	37.09	(1)	63.37	(1)	—	—	—
Cancelled/forfeited .....	—	—	—	—	78.62	(1)	—
Outstanding at December 31/ June 30 .....	63.37	1	78.62	1	—	—	7.30
							14

- (i) Grant date fair value represents the fair value of the ordinary shares of LVS.  
(ii) Number of restricted shares outstanding represents the number of ordinary shares of LVS given to the employees upon vesting.

### 35 Subsequent events

#### a. Macau Credit Facility

On August 12, 2009, the Macau Credit Facility (see Note 27(a)) was amended to:

- change the maximum consolidated total debt to Consolidated Adjusted EBITDA ratio (as defined in the Macau Credit Facility) (the "consolidated leverage ratio") to the levels described below;
- amend the definition of "change of control" to permit the global offering of the Company's shares ("Global Offering"), provided that upon consummation of the Global Offering, the loans under the Macau Credit Facility will be permanently repaid on a pro-rata basis by US\$500.0 million (repayments of outstanding revolving loans will also serve to permanently reduce the corresponding commitments by such repayment amount);

- (iii) amend the definition of "Consolidated Adjusted EBITDA" to allow for the add-back of certain annualized cost savings that have already been realized, but not fully reflected in Consolidated Adjusted EBITDA of the prior twelve months;
- (iv) provide for the ability to issue up to US\$1,000.0 million of first lien secured bonds that are secured pari passu with the Macau Credit Facility, so long as the net proceeds are used to repay the term loan tranches under the Macau Credit Facility on a pro rata basis with any excess net proceeds used to repay the revolving loans;
- (v) provide for the ability to issue up to US\$500.0 million of second lien or unsecured bonds, the net proceeds of which can be used for the development of Parcels 5 and 6, provided, that (1) the pro forma consolidated leverage ratio is not greater than 3.00 to 1.00, and (2) the maturity date of, and the date any installment of principal is due on, such bonds is after the latest maturity date of any loan under the Macau Credit Facility; and
- (vi) provide for the ability to add a new revolver tranche to the Macau Credit Facility, which would be effective as of or after the existing revolver maturity date of May 2011 for up to one year thereafter, subject to certain conditions and the willingness of lenders to provide such financing.

Borrowings under the Macau Credit Facility bear interest, at the Borrower's option, at either an adjusted Eurodollar rate (or, in the case of the Macau Local Term Facility, adjusted HIBOR) plus a credit spread or at a base rate, plus a credit spread. As a result of the amendment on August 12, 2009, the applicable credit spread for the Macau Revolving Facility and the terms loans was increased to 5.5% until the repayment of US\$500.0 million principal amount of the loans under the Macau Credit Facility to the lenders from the proceeds of the completed Global Offering, and 4.5% thereafter. These credit spreads will be adjusted depending on a consolidated leverage ratio.

Following the amendment as of August 12, 2009, the Macau Credit Facility includes the following financial covenants:

- (i) a Consolidated Adjusted EBITDA to consolidated interest expense ratio for any relevant quarter period, each being three months ending on March 31, June 30, September 30 and December 31 in each year (the "fiscal quarter"), of not less than 4.00:1.00; and
- (ii) a consolidated leverage ratio of not more than:
  - 4.50:1.00 for the fiscal quarters ending September 30, 2009 and December 31, 2009;
  - 4.00:1.00 for the fiscal quarters ending March 31, 2010 and June 30, 2010;
  - 3.50:1.00 for the fiscal quarters ending September 30, 2010 and December 31, 2010; and
  - 3.00:1.00 for any fiscal quarter ending after December 31, 2010.

#### **b. Ferry Financing**

On August 20, 2009, the secured credit facility agreement for ferry financing as stated in Note 27(b) was amended, among others, to remove the requirement to comply with financial covenants and to increase the interest rate to HIBOR plus 2.5% if the loans are made in Hong Kong dollars or LIBOR 2.5% if the loans are made in United States dollars.

- c. On September 4, 2009, VVDI (II), the Group's immediate holding company issued exchangeable bonds (the "Bonds") due 2014 in the aggregate principal amount of US\$600 million to the bondholders, all of whom are independent third parties to the Group. The Bonds will be mandatorily and automatically exchanged for shares of the Company at an exchange price equal to 90% of the offer price of the shares of the Company on the listing date of the Company's shares. The net proceeds of the Bonds of approximately US\$582 million were on-lent to the

Group by way of an intercompany shareholder's loan for repaying the Group's amounts due to the Ultimate Parent Company and the other fellow subsidiaries. The intercompany shareholder's loan bears interest at the same rate as that of the Bonds which is 9% per annum from (and including) September 4, 2009 to (but excluding) September 4, 2010; 12% per annum from (and including) September 4, 2010 to (but excluding) September 4, 2011; and 15% per annum from (and including) September 4, 2011 to (but excluding) September 4, 2014. Upon completion of the Global Offering, the Group's repayment obligations under the intercompany shareholder's loan will be satisfied through the issuance of shares to the bondholders directly.

- d. Pursuant to a board resolution dated November 8, 2009, subject to the share premium account of the Company being credited as a result of the Global Offering, the Company will capitalize an amount of US\$62,800,000 standing to the credit of its share premium account in paying up in full at par 6,279,999,999 shares, which will be allotted and issued to the shareholders of the Company as at the date of the Prospectus in accordance with their respective shareholdings. The shares allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued shares.

### III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group with respect to any period subsequent to June 30, 2009. Same as disclosed in this report, no dividend or distribution has been declared, made or paid by the Company or any of the companies now comprising the Group in respect of any period subsequent to June 30, 2009.

Yours faithfully

**PricewaterhouseCoopers**  
*Certified Public Accountants*  
Hong Kong



## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set forth in this appendix does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of our Company, as set forth in Appendix I to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with "Financial Information" and the "Accountant's Report" set forth in Appendix I to this prospectus.

### A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted net tangible assets of our Group prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on the net tangible assets of our Group attributable to the equity holders of our Company as of June 30, 2009 as if the Global Offering had taken place on June 30, 2009.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of our Group as of June 30, 2009 or at any future dates following the completion of the Global Offering.

	Unadjusted audited combined net tangible assets of our Group attributable to equity holders of our Company as of June 30, 2009 <sup>(1)</sup>	Estimated net proceeds from the Global Offering to our Company <sup>(2)</sup>	Unaudited pro forma adjusted net tangible assets of our Group attributable to the equity holders of our Company	Unaudited pro forma adjusted net tangible assets per Share <sup>(3)</sup>	
		(US\$ in millions)		US\$    HK\$	
Based on an Offer Price of HK\$10.38 per Share .....	1,267.8	1,635.5	2,903.3	0.38    2.98	
Based on an Offer Price of HK\$13.88 per Share .....	1,267.8	2,191.8	3,459.6	0.46    3.55	

- (1) The unadjusted audited combined net tangible assets attributable to the equity holders of our Company as of June 30, 2009 is extracted from the "Accountant's Report" set out in Appendix I to this prospectus, which is based on the audited combined net assets of our Group attributable to the equity holders of our Company of US\$1,311,542,000 with an



























































































































































**(k) Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortization, are tested at least annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. cash generating units or "CGU"). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**(l) Financial assets***Classification*

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired which management determines at initial recognition.

**(i) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges.

**(ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which management has no intention of trading. They are included in current assets, except for assets with maturities greater than twelve months after the balance sheet date, which are classified as non-current.

*Recognition and measurement*

Purchases and sales of financial assets are recognized on the date on which the Group commits to purchase or sell the asset (the trade-date). Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the combined income statements. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred, and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "Financial assets at fair value through profit or loss" category are presented in the combined income statements within "Other expenses" in the period in which they arise.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (or for those securities that are unlisted), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and minimum use of entity-specific inputs.



*Impairment of financial assets*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade and other receivables is described in Note 2(o).

**(m) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand and short-term deposits with original maturities of three months or less.

**(n) Inventories**

Inventories consist primarily of food, beverage, retail products and tobacco and are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

**(o) Trade and other receivables**

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognized in the combined income statements within "Other expenses". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "Other expenses" in the combined income statements.

**(p) Trade payables**

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

**(q) Borrowings and financing costs**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the combined income statements over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use (Note 2(h)). Financing costs incurred for the construction of any qualifying asset, less any investment income on the temporary investment of related borrowings, are capitalized during the period that is required to complete and prepare the asset for its intended use. Other financing costs, net of interest income, are expensed.

**(r) Provisions**

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow of resources will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow of resources with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

**(s) Taxation and deferred taxation**

The income tax expenses comprise current and deferred tax.

Current income tax is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values in the Financial Information. Deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided for temporary differences arising from investments in subsidiaries, except when the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

**(t) Share capital**

Ordinary shares are classified as equity.

**(u) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that an outflow of economic resources will be required or the amount of the obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the Financial Information unless the probability of outflow of resources embodying economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognized as a provision.

**(v) Employee benefits**

**(i) Pension obligations**

The Group operates a provident fund scheme, which is funded through payments to an insurance company. The provident fund scheme is a defined contribution plan that is available to all permanent employees after a three-month probation period. The Group contributes 5% of each employee's base salary to the fund and the employee is eligible to receive 30% of these contributions after working for three consecutive years, gradually increasing to 100% after working for ten years. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

**(ii) Share-based compensation**

The Group participates in the equity settled share-based compensation plans of LVS and is a party to its nonqualified share option plan, Las Vegas Sands Corp. 2004 Equity Award Plan (the "2004 Plan"). The plan provides for the granting of share options pursuant to the applicable provisions of the Internal Revenue Code and regulations in the United States of America.

The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision of original estimates, if any, in the combined income statements with a corresponding adjustment to payables to the Ultimate Parent Company through December 31, 2007 and to equity beginning January 1, 2008 (see Note 34).

**(iii) Social security fund**

Full-time employees of the Group are covered by a government-mandated defined contribution plan pursuant to which a fixed amount of retirement benefit would be determined and paid by the Macau Government. Contributions are generally made by both employees and employers by paying a fixed amount on a monthly basis to the Social Security Fund Contribution managed by the Macau Government. The Group funds the entire contribution and has no further commitments beyond its monthly contributions.

**(iv) Annual leave and other paid leave**

Through December 31, 2008, employee entitlements to annual leave and sick leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees during the year. Employee entitlement to maternity leave is not recognized until the time of leave.

Beginning January 1, 2009, employee entitlement to sick leave is not recognized until the time of leave, whereas employee entitlements to annual leave and maternity leave remain the same.

(v) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary retrenchment. Benefits falling due more than twelve months after the balance sheet date are discounted to present value.

(w) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Casino revenue

Casino revenue is the aggregate of gaming wins and losses. Commissions rebated directly or indirectly through gaming promoters to customers, cash discounts and other cash incentives to customers related to gaming play are recorded as a reduction of gross casino revenue. Gaming promoters are entities that bring in high rollers to casinos and loan them rolling chips.

(ii) Hotel revenue

Hotel revenue is recognized at the time of occupancy.

(iii) Food and beverage revenue

Food and beverage revenue is recognized at the time of service.

(iv) Lease/right of use income

Lease/right of use income from the grant of right of use (net of any incentives given to tenants/retailers) is recognized on a straight-line basis over the terms of the lease/right of use.

(v) Convention revenue

Convention revenue is recognized when the event is held or the related services are rendered.

(vi) Retail sales

Sales of goods are recognized on the transfer of risks and rewards of ownership, which generally coincides with the time when the products are delivered to customers and title has passed.

The Group has a goods return policy. Sales are recorded net of return and discounts.

## (vii) Mall management fees

Mall management fees are recognized when services are rendered.

## (viii) Entertainment revenue

Entertainment revenue derived from theater shows, concerts and sporting events is recognized at the time of performance.

## (ix) Ferry ticket sales

Ferry ticket sales are recognized when the services are rendered.

## (x) Commission revenue

Commission revenues from the selling of tickets and travel packages and providing destination marketing services are recognized when services are rendered.

## (xi) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

**(x) Leases/right of use**

## (i) As the lessor/grantor for operating leases/right of use

When assets are leased/granted out under an agreement for the right of use, the asset is included in the combined balance sheets based on the nature of the asset. Lease rental/income from right of use (net of any incentives given to tenants or to retailers) is recognized over the terms of the lease/right of use on a straight-line basis.

## (ii) As the lessee for operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the combined income statements on a straight-line basis over the period of the lease.

## (iii) As the lessee for finance leases

The Group leases certain equipment. Leases of equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other payables. The interest element of the finance cost is charged to the combined income statements over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The equipment acquired under a finance lease is depreciated over the shorter of the useful life of the asset and the lease term.

### 3 Financial risk management

#### (a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program, mainly carried out by a central treasury department, focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

##### (i) Market risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates and foreign currency exchange rates.

##### *Cash flow and fair value interest rate risk*

The Group's primary exposure to market risk is interest rate risk associated with its long-term borrowings, which are all issued at variable rates. The Group attempts to manage the interest rate risk associated with its variable-rate borrowings by use of interest rate cap agreements.

During the years ended December 31, 2006, 2007 and 2008, and the six months ended June 30, 2009, the Group's borrowings at variable rate were mainly denominated in "US\$", Hong Kong dollars ("HK\$") and MOP.

As of December 31, 2006, 2007 and 2008 and as of June 30, 2009, if interest rates on US\$-denominated borrowings had been 50 basis-point higher/lower with all other variables held constant, post-tax profit for the year/period would have been US\$6.6 million, US\$14.4 million, US\$16.7 million and US\$8.1 million lower/higher, respectively. As of December 31, 2006, 2007 and 2008 and as of June 30, 2009, if interest rates on HK\$-denominated borrowings had been 50 basis-point higher/lower with all other variables held constant, post-tax profit for the year/period would have been nil, nil, US\$1.1 million and US\$0.6 million lower/higher, respectively. As of December 31, 2006, 2007 and 2008 and as of June 30, 2009, if interest rates on MOP-denominated borrowings had been 50 basis-point higher/lower with all other variables held constant, post-tax profit would have been approximately US\$0.5 million, US\$0.5 million, US\$0.5 million and US\$0.3 million, lower/higher respectively.

The Group does not hold or issue financial instruments for trading purposes and does not enter into derivative transactions that would be considered speculative positions. The Group's derivative financial instruments consist exclusively of interest rate cap agreements, which do not qualify for hedge accounting.

To manage exposure to counterparty credit risk in interest rate cap agreements, the Group enters into agreements with highly rated institutions that can be expected to fully perform under the terms of such agreements. Frequently, these institutions are also members of the bank group providing the Group's credit facilities, which management believes further minimizes the risk of non-performance.

##### *Foreign exchange risk*

The Group's foreign currency transactions are mainly denominated in US\$. The majority of assets and liabilities are denominated in US\$ and MOP, and there are no significant assets and liabilities denominated in other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognized assets and liabilities that are denominated in a currency other than MOP, which is the functional currency of the

major operating companies within the Group. The Group currently does not have a foreign currency hedging policy.

For companies with MOP as their functional currency, as of December 31, 2006, 2007 and 2008, and as of June 30, 2009, if the US\$ had weakened/strengthened by 1% against the MOP with all other variables held constant, pre-tax profit for the year/period would have been higher/lower by approximately US\$9.5 million, US\$27.9 million, US\$44.1 million and US\$42.6 million respectively, mainly as a result of the translation of US\$-denominated cash and cash equivalents, deposits and borrowings.

(ii) Credit risk

Financial instruments, which potentially subject the Group to concentrations of credit risk, consist principally of cash and cash equivalents, restricted cash and trade and other receivables.

The Group maintains cash and cash equivalents, and restricted cash with various credit worthy financial institutions in Macau, Hong Kong, Singapore and the United States of America. Management monitors this credit risk on an on-going basis and does not believe that the Group has any other significant exposure to any individual or institution as of December 31, 2006, 2007 and 2008, and as of June 30, 2009.

Trade receivables are principally comprised of casino, hotel and mall receivables. The Group extends credit to approved customers, tenants and gaming promoters following background checks and investigations of creditworthiness. Business or economic conditions, the legal enforceability of gaming debts, or other significant events in foreign countries could affect the collectibility of receivables from customers and gaming promoters residing in these countries.

The Group maintains an allowance for doubtful casino, hotel and mall accounts and regularly evaluates the balances. The Group specifically analyzes the collectibility of each account with a balance over a specified dollar amount, based upon the age of the account, the customer's financial condition, collection history and any other known information, and the Group makes an allowance for trade receivables specifically identified as doubtful. The Group also monitors regional and global economic conditions and forecasts in its evaluation of the adequacy of the recorded reserves. Table games play is primarily cash play, as credit play represented approximately 5.1%, 10.7%, 23.7% and 29.4% for the years ended December 31, 2006, 2007, 2008 and the six months ended June 30, 2009, respectively, of total table games play. The Group believes that the concentration of its credit risk in casino receivables is mitigated substantially by its credit evaluation process, credit policies, credit control and collection procedures, and also believes that no significant credit risk is inherent in the Group's trade receivables not provided for as of December 31, 2006, 2007 and 2008, and as of June 30, 2009 (see Note 23 for further details).

(iii) Liquidity risk

Liquidity risk is the financial risk arising from the difficulty of selling assets, being unable to pay off liabilities upon maturity, funding growth assets or meeting contractual commitments.

The Macau Credit Facility requires the Restricted Group to comply with certain financial covenants at the end of each quarter, including maintaining a maximum leverage ratio of the consolidated total debt outstanding, as defined in the Macau Credit Facility. Subsequent to June 30, 2009, an amendment was made to the Macau Credit Facility, which, among other things, increased the maximum leverage ratios for the quarters beginning after June 30, 2009. The maximum leverage ratios were increased to 4.5:1.0 for the quarters ending September 30 and December 31, 2009, 4.0:1.0 for the quarters ending March 31 and June 30, 2010 and 3.5:1.0 for the quarters ending September 30 and December 31, 2010. If the Restricted Group is unable to maintain compliance with these financial



covenants, the Restricted Group would be in default under the Macau Credit Facility, which would trigger a cross-default under the ferry financings (see Note 27). Any defaults or cross defaults under these agreements would allow the lenders, in each case, to exercise their rights to accelerate the due dates of the indebtedness outstanding. There can be no assurance that the Group would be able to pay or refinance any amounts that may become accelerated under such agreements and other obligations when they fall due, which could force the Group to restructure or alter its operations or debt obligation. In order to comply with the maximum leverage ratio covenants, the Group will utilize cash on hand and cash flows from operations and other measures, including cost-cutting initiatives.

The Group's financial liabilities, based on the contractual undiscounted cash flows, as of December 31, 2006, 2007 and 2008, and as of June 30, 2009, are as follows:

	Within the first year	In the second year	In the third to fifth year	Over the fifth year	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>At December 31, 2006</b>					
Bank borrowings .....	105,850	118,390	443,047	1,296,310	1,963,597
Notes payable to related companies .....	6,575	6,911	22,812	141,454	177,752
Finance lease liabilities .....	347	8	16	—	371
Trade and other payables .....	544,225	—	282	—	544,507
<b>At December 31, 2007</b>					
Bank borrowings .....	210,621	253,813	2,471,838	917,725	3,853,997
Notes payable to related companies .....	6,806	7,112	23,534	137,404	174,856
Finance lease liabilities .....	25	24	44	—	93
Trade and other payables .....	912,302	732	6,099	—	919,133
<b>At December 31, 2008</b>					
Bank borrowings .....	141,125	200,856	3,447,470	127,449	3,916,900
Notes payable to related companies .....	6,374	6,588	174,093	—	187,055
Finance lease liabilities .....	257	269	306	—	832
Trade and other payables .....	1,982,042	—	12,409	254	1,994,705
<b>At June 30, 2009</b>					
Bank borrowings .....	162,872	793,175	2,651,675	111,120	3,718,842
Notes payable to related companies .....	5,068	5,151	187,972	—	198,191
Finance lease liabilities .....	245	251	185	—	681
Trade and other payables .....	1,977,942	—	12,872	—	1,990,814

**(b) Capital risk management**

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of debt, which includes borrowings (including current and non-current borrowings as shown in the combined balance sheets), cash and cash equivalents, and equity attributable to shareholders, comprising issued share capital and reserves as disclosed in Notes 25 and 26.

The Group actively and regularly reviews and manages its capital structure to maintain the net debt-to-capital ratio (gearing ratio) at an appropriate level based on its assessment of the current risk and circumstances. This ratio is calculated as the total of borrowings, as shown in the combined balance sheets, divided by total equity.



**(c) Fair value estimation**

The carrying amounts of cash and cash equivalents, restricted cash, financial assets at fair value through profit or loss, trade and other receivables, borrowings and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

**4 Critical accounting estimates and judgments**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**(a) Impairment of assets**

The Group follows the guidance of IAS 36 "Impairment of Assets" to determine when assets are impaired, which requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the recoverable amount of assets is less than their carrying balance, including factors such as the industry performance and changes in operational and financing cash flows. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (a CGU). The recoverable amount of the CGU has been determined based on value-in-use calculations. These calculations require the use of estimates, including operating results, income and expenses of the business, future economic conditions on growth rates and future returns.

Changes in the key assumptions on which the recoverable amount of the assets is based could significantly affect the Group's financial condition and results of operations.

**(b) Share-based compensation**

The Group's employees participate in equity award plans of LVS. Management of the Group uses the Black-Scholes option-pricing model to determine the total fair value of the options granted, which is based on fair value and various attributes of the underlying shares of LVS. Significant estimates and assumptions are required to be made in determining the parameters for applying the Black-Scholes option-pricing model, including estimates and assumptions regarding the risk-free rate of return, expected dividend yield and volatility of the underlying shares and the expected life of the options. The total fair value of restricted shares ("RSs") granted is measured on the grant date based on the fair value of the underlying shares of LVS. In addition, the Group is required to estimate the expected percentage of grantees that will remain in employment with the Group at the end of the vesting period. The Group only recognizes an expense for those options or RSs expected to vest over the vesting period during which the grantees become unconditionally entitled to the options or RSs. These estimates and assumptions could have a material effect on the determination of the fair value of the share options and RSs and the amount of such equity awards expected to vest, which may in turn significantly impact the determination of the share-based compensation expense.

The fair value of the options and RSs at the time of grant is to be expensed over the vesting period of the options and RSs based on an accelerated graded attribution approach. Under the accelerated graded attribution approach, each vesting installment of a graded vesting award is treated as a separate share option or RSs grant, which means that each vesting installment will

be separately measured and attributed to expense, resulting in accelerated recognition of share-based compensation expense.

**(c) Construction project suspension**

The Group had commenced construction or pre-construction on Parcels 3, 5, 6, 7 and 8 of Cotai Strip and had capitalized the costs in the combined balance sheets, but has suspended these projects given the current conditions in the financial markets and the global economy. These disruptions in the financial markets could adversely affect the Group's ability to raise additional financing required to complete those projects. Should general economic conditions fail to improve, if the Group is unable to obtain sufficient funding such that completion of the suspended projects is not probable, or should management decide to abandon certain projects, all or a portion of the Group's investment to date on the suspended projects could be lost and would result in an impairment charge. This could adversely affect the financial condition, results of operations or cash flows from these planned facilities.

In addition, under the revised terms of the land concession that covers Parcel 3 approved by the Macau Government on August 20, 2009, the Group is required to complete development of Parcel 3 by April 17, 2013. Management believes that if the Group is unable to complete the development of Parcel 3 by the deadline, it will be able to obtain an extension from the Macau Government. However, no assurances can be given that an extension will be granted. If the Group is not able to meet the April 2013 deadline and that deadline is not extended, the Macau Government has the right to unilaterally terminate the land concession or any properties developed under the land concession for Parcel 3 without compensation to the Group.

**(d) Allowance for doubtful trade receivables**

The allowance for doubtful trade receivables represents the Group's best estimate of the amount of probable credit losses in the Group's existing trade receivable balance. The Group determines the allowance based on specific customer information, historical write-off experience and current industry and economic data. Account balances are charged off against the allowance when the Group believes it is probable the receivables will not be recovered. Management believes that there are no concentrations of credit risk for which an allowance has not been established. Although management believes that the allowance is adequate, it is possible that the estimated amount of cash collections with respect to trade receivables could change.

**(e) Litigation provisions**

The Group is subject to various claims and legal actions. The accruals for these claims and legal actions are estimated in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Based on consultation with legal counsel, management estimated that no significant loss would be incurred beyond the amounts provided.

**(f) Useful lives of investment properties and property and equipment**

The Group depreciates investment properties and property and equipment on a straight-line basis over their estimated useful lives. The estimated useful lives are based on the nature of the assets, as well as current operating strategy and legal considerations, such as contractual life. Future events, such as property expansions, property developments, new competition or new regulations, could result in a change in the manner in which the Group uses certain assets and could have impact on the estimated useful lives of such assets.

## 5 Net revenues and interest income

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Net revenues					
Casino .....	1,265,168	1,846,167	2,669,661	1,325,395	1,317,124
Rooms .....	133	49,292	139,953	67,454	55,477
Food and beverage .....	12,928	28,076	54,317	24,450	25,446
Mall					
—Income from right of use .....	—	18,974	95,804	37,271	50,961
—Management fees and others .....	—	5,840	27,234	11,178	13,161
Convention, ferry, retail and other .....	2,864	17,863	66,350	24,843	38,418
Total net revenues .....	<u>1,281,093</u>	<u>1,966,212</u>	<u>3,053,319</u>	<u>1,490,591</u>	<u>1,500,587</u>
Interest income					
Notes receivable from related companies .....	673	4,591	46	23	11
Bank deposits .....	27,110	24,635	4,755	2,431	270
	<u>27,783</u>	<u>29,226</u>	<u>4,801</u>	<u>2,454</u>	<u>281</u>
Total net revenues and interest income .....	<u>1,308,876</u>	<u>1,995,438</u>	<u>3,058,120</u>	<u>1,493,045</u>	<u>1,500,868</u>

## 6 Segment information

Management has determined the operating segments based on the reports reviewed by a group of senior management to make strategic decisions. The Group considers the business from a property and service perspective.

The Group's principal operating and developmental activities occur in Macau, which is the sole geographic area that the Group domiciles. The Group reviews the results of operations for each of its key operating segments, which are also the reportable segments: Sands Macao, The Venetian Macao, the Plaza Macao, Ferry and other operations and Other developments (on Parcels 3, 5, 6, 7 and 8 of the Cotai Strip).

Sands Macao, The Venetian Macao, the Plaza Macao and Other developments derive their revenue primarily from casino, hotel, food and beverage, mall, convention, retail and others sources. Ferry and other operations mainly derive their revenue from the sale of ferry tickets for transportation between Hong Kong and Macau.

**APPENDIX I**
**ACCOUNTANT'S REPORT**

The Group's segment information for the years ended December 31, 2006, 2007 and 2008, and the six months ended June 30, 2008 and 2009, and as of December 31, 2006, 2007 and 2008, and June 30, 2009 are as follows:

	Year ended December 31,			Six months ended June 30,	
	2006 US\$'000	2007 US\$'000	2008 US\$'000	2008 US\$'000 (Unaudited)	2009 US\$'000
<b>Net revenues:</b>					
Sands Macao .....	1,281,093	1,314,499	1,032,121	536,510	458,612
The Venetian Macao .....	—	651,610	1,941,636	948,977	930,912
Plaza Macao .....	—	—	62,536	—	95,691
Ferry and other operations .....	—	103	17,026	5,104	15,372
Other developments .....	—	—	—	—	—
	<u>1,281,093</u>	<u>1,966,212</u>	<u>3,053,319</u>	<u>1,490,591</u>	<u>1,500,587</u>
<b>Adjusted EBITDAR (Unaudited) (Note):</b>					
Sands Macao .....	457,702	374,075	214,434	119,603	111,352
The Venetian Macao .....	—	144,698	497,166	249,678	230,882
Plaza Macao .....	—	—	7,329	—	9,820
Ferry and other operations .....	3	(4,431)	(32,885)	(20,094)	(14,401)
Other developments .....	—	—	—	—	—
	<u>457,705</u>	<u>514,342</u>	<u>686,044</u>	<u>349,187</u>	<u>337,653</u>
<b>Depreciation and amortization:</b>					
Sands Macao .....	(34,359)	(43,569)	(51,127)	(26,429)	(24,632)
The Venetian Macao .....	(721)	(60,029)	(192,322)	(93,907)	(103,009)
Plaza Macao .....	—	(1)	(16,402)	(28)	(24,641)
Ferry and other operations .....	(82)	(446)	(8,339)	(3,022)	(6,020)
Other developments .....	(1)	(2)	(30)	(2)	(142)
	<u>(35,163)</u>	<u>(104,047)</u>	<u>(268,220)</u>	<u>(123,388)</u>	<u>(158,444)</u>
<b>Interest expense net of amounts capitalized:</b>					
Sands Macao .....	937	997	1,191	462	604
The Venetian Macao .....	28,814	75,138	83,020	55,756	23,957
Plaza Macao .....	—	—	22,198	—	6,319
Ferry and other operations .....	—	—	7,067	3,795	2,748
Other developments .....	520	902	9,394	171	18,584
	<u>30,271</u>	<u>77,037</u>	<u>122,870</u>	<u>60,184</u>	<u>52,212</u>
<b>Income tax (expenses)/credits:</b>					
Sands Macao .....	—	—	—	—	—
The Venetian Macao .....	—	—	—	—	—
Plaza Macao .....	—	—	—	—	—
Ferry and other operations .....	(2)	54	(169)	(142)	(167)
Other developments .....	—	—	—	—	—
	<u>(2)</u>	<u>54</u>	<u>(169)</u>	<u>(142)</u>	<u>(167)</u>

Note: Adjusted EBITDAR is profit before interest, income taxes, depreciation and amortization (net of amortization of show production costs), pre-opening expense, development expense, net foreign exchange losses or gains, loss or gain on disposal of property and equipment, corporate expense, land lease expense, share-based compensation and fair value losses or gains on financial assets at fair value through profit or loss. Adjusted EBITDAR is used by management as the primary measure of operating performance of the Group's properties and to compare the operating performance of the Group's properties with that of its competitors. However, adjusted EBITDAR should not be considered in isolation; construed as an alternative to profit or operating profit; as an indicator of the Group's IFRS operating performance, other combined operations or cash flow data; or as an alternative to cash flow as a measure of liquidity. As a result, adjusted EBITDAR as presented by the Group may not be directly comparable to other similarly titled measures presented by other companies. In addition, adjusted EBITDAR presented herein may differ from that adjusted EBITDAR presented by LVS for its Macau segment in its filings with the U.S. Securities and Exchange Commission.

**APPENDIX I**
**ACCOUNTANT'S REPORT**

	Note	Year ended December 31,			Six months ended June 30,	
		2006	2007	2008	2008	2009
		US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
<b>Adjusted EBITDAR (unaudited)</b> .....		457,705	514,342	686,044	349,187	337,653
Share-based compensation granted to employees by the Ultimate Parent Company .....		(4,096)	(9,641)	(15,163)	(7,310)	(3,457)
Corporate expense .....	(a)	(352)	(2,674)	(14,747)	(4,291)	(4,692)
Land lease expense .....		(809)	(9,766)	(11,885)	(5,874)	(6,125)
Pre-opening expense .....	(b)	(33,183)	(137,975)	(111,435)	(37,893)	(51,956)
Development expense .....	(c)	(2,652)	—	—	—	—
Depreciation and amortization .....		(35,163)	(104,047)	(268,220)	(123,388)	(158,444)
Amortization of show production costs .....		—	—	1,867	—	2,115
Net foreign exchange (losses)/gains ....		(694)	(5,190)	29,179	2,556	(125)
Loss on disposal of property and equipment .....		(1,940)	(562)	(1,622)	(1,184)	(4,894)
Fair value (losses)/gains on financial assets at fair value through profit or loss .....		(492)	(592)	(44)	54	—
<b>Operating profit</b> .....		378,324	243,895	293,974	171,857	110,075
Interest income .....		27,783	29,226	4,801	2,454	281
Interest expense, net of amounts capitalized .....		(30,271)	(77,037)	(122,870)	(60,184)	(52,212)
<b>Profit before income tax</b> .....		375,836	196,084	175,905	114,127	58,144
Income tax (expenses)/credits .....		(2)	54	(169)	(142)	(167)
<b>Profit for the year/period attributable to equity holders of the Company</b> .....		<u>375,834</u>	<u>196,138</u>	<u>175,736</u>	<u>113,985</u>	<u>57,977</u>

**(a) Corporate expense**

	Note	Year ended December 31,			Six months ended June 30,	
		2006	2007	2008	2008	2009
		US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Employee benefit expenses .....		171	171	4,154	2,014	1,656
Professional fees .....		—	2,078	2,361	1,596	226
Management fees .....	33(a)(i)	—	—	7,227	—	2,576
Other expenses .....		181	425	1,005	681	234
		<u>352</u>	<u>2,674</u>	<u>14,747</u>	<u>4,291</u>	<u>4,692</u>

**APPENDIX I**
**ACCOUNTANT'S REPORT**
**(b) Pre-opening expense**

	Note	Year ended December 31,			Six months ended June 30,	
		2006	2007	2008	2008	2009
		US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Employee benefit expenses .....		19,065	55,796	37,801	17,169	7,539
Advertising costs .....		2,537	32,661	6,593	1,817	—
Utilities and fuel costs .....		28	16,373	2,308	1,383	7
Professional fees .....		2,786	15,574	6,192	3,196	829
Management fees .....	33(a)(i)	—	8,178	7,207	4,252	—
Suspension costs .....	8(a)(i)(1)	—	—	33,581	—	41,848
Other expenses .....		8,767	9,393	17,753	10,076	1,733
		<u>33,183</u>	<u>137,975</u>	<u>111,435</u>	<u>37,893</u>	<u>51,956</u>

Amounts above exclude share-based compensation granted to employees by the Ultimate Parent Company.

**(c) Development expense**

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Employee benefit expenses .....	1,098	—	—	—	—
Professional fees .....	876	—	—	—	—
Operating lease payments .....	145	—	—	—	—
Other expenses .....	533	—	—	—	—
	<u>2,652</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Total assets</b>				
Sands Macao .....	537,988	550,479	592,998	532,130
The Venetian Macao .....	2,031,497	3,117,094	3,182,554	3,088,753
Plaza Macao .....	70,246	391,507	973,892	1,060,267
Ferry and other operations .....	4,318	205,322	277,106	264,303
Other developments .....	142,898	644,101	1,861,081	1,899,773
	<u>2,786,947</u>	<u>4,908,503</u>	<u>6,887,631</u>	<u>6,845,226</u>

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Total non-current assets</b>				
Held locally .....	2,255,069	4,128,742	5,817,154	5,838,959
Held in foreign countries .....	156	32,671	229,575	238,925
Deferred income tax assets .....	—	83	159	152
Financial assets at fair value through profit or loss .....	508	25	—	—
	<u>2,255,733</u>	<u>4,161,521</u>	<u>6,046,888</u>	<u>6,078,036</u>

**7 Employee benefit expenses (including directors' emoluments)**

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Wages, salaries, bonus and termination costs...	151,861	297,930	448,829	228,206	209,476
Staff meals .....	10,134	21,757	29,963	15,619	11,672
Share-based compensation granted to employees by the Ultimate Parent Company.....	4,096	9,641	15,163	7,310	3,457
Pension costs—defined contribution plan .....	4,299	6,562	17,494	7,065	1,758
Other employee benefit expenses.....	5,177	13,357	6,461	6,359	6,493
	<u>175,567</u>	<u>349,247</u>	<u>517,910</u>	<u>264,559</u>	<u>232,856</u>

Total amounts of share-based compensation and the amounts capitalized are as below:

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Share-based compensation .....	5,475	11,209	17,538	8,511	3,849
Less: amounts capitalized .....	(1,379)	(1,568)	(2,375)	(1,201)	(392)
Share-based compensation charged to the combined income statements .....	<u>4,096</u>	<u>9,641</u>	<u>15,163</u>	<u>7,310</u>	<u>3,457</u>

Other than the share-based compensation of US\$0.4 million capitalized for the construction of the apart-hotel tower of the Plaza Macao during the six months ended June 30, 2009, capitalization of share-based compensation ceases upon suspension of the respective Cotai Strip development projects (see also Note 31(d)).

**(a) Pension—defined contribution plan**

Contributions totaling US\$0.9 million, US\$3.5 million, US\$3.4 million and US\$0.3 million remained payable to the provident fund as of December 31, 2006, 2007 and 2008, and as of June 30, 2009, respectively.

**(b) Directors' emoluments**

The remuneration of the Company's directors for the year ended December 31, 2006 is as follows:

<u>Year ended December 31, 2006</u>	<u>Fees</u>	<u>Salaries, bonuses, allowance and benefits in kind</u>	<u>Contribution to defined contribution benefit plans</u>	<u>Subtotal</u>	<u>Share-based compensation benefits</u>	<u>Total</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Executive Directors						
Steven Craig Jacobs .....	—	—	—	—	—	—
Stephen John Weaver ....	—	1,005	—	1,005	606	1,611
Non-executive Directors						
Sheldon Gary Adelson ....	—	—	—	—	—	—
Jeffrey Howard Schwartz .....	—	—	—	—	—	—
Irwin Abe Siegel .....	—	—	—	—	—	—
Independent Non-executive Directors						
Iain Ferguson Bruce .....	—	—	—	—	—	—
Yun Chiang .....	—	—	—	—	—	—
David Muir Turnbull .....	—	—	—	—	—	—
	—	1,005	—	1,005	606	1,611

The remuneration of the Company's directors for the year ended December 31, 2007 is as follows:

<u>Year ended December 31, 2007</u>	<u>Fees</u>	<u>Salaries, bonuses, allowance and benefits in kind</u>	<u>Contribution to defined contribution benefit plans</u>	<u>Subtotal</u>	<u>Share-based compensation benefits</u>	<u>Total</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Executive Directors						
Steven Craig Jacobs .....	—	—	—	—	—	—
Stephen John Weaver ....	—	1,932	—	1,932	2,077	4,009
Non-executive Directors						
Sheldon Gary Adelson ....	—	—	—	—	—	—
Jeffrey Howard Schwartz .....	—	—	—	—	—	—
Irwin Abe Siegel .....	—	—	—	—	—	—
Independent Non-executive Directors						
Iain Ferguson Bruce .....	—	—	—	—	—	—
Yun Chiang .....	—	—	—	—	—	—
David Muir Turnbull .....	—	—	—	—	—	—
	—	1,932	—	1,932	2,077	4,009



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The remuneration of the Company's directors for the year ended December 31, 2008 is as follows:

<u>Year ended December 31, 2008</u>	<u>Fees</u>	<u>Salaries, bonuses, allowance and benefits in kind</u>	<u>Contribution to defined contribution benefit plans</u>	<u>Subtotal</u>	<u>Share-based compensation benefits</u>	<u>Total</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
<b>Executive Directors</b>						
Steven Craig Jacobs .....	—	—	—	—	—	—
Stephen John Weaver ....	—	1,387	—	1,387	1,247	2,634
<b>Non-executive Directors</b>						
Sheldon Gary Adelson ....	—	—	—	—	—	—
Jeffrey Howard Schwartz .....	—	—	—	—	—	—
Irwin Abe Siegel .....	—	—	—	—	—	—
<b>Independent Non-executive Directors</b>						
Iain Ferguson Bruce .....	—	—	—	—	—	—
Yun Chiang .....	—	—	—	—	—	—
David Muir Turnbull .....	—	—	—	—	—	—
	—	<u>1,387</u>	—	<u>1,387</u>	<u>1,247</u>	<u>2,634</u>

The remuneration of the Company's directors for the six months ended June 30, 2008 is as follows (unaudited):

<u>Six months ended June 30, 2008 (unaudited)</u>	<u>Fees</u>	<u>Salaries, bonuses, allowance and benefits in kind</u>	<u>Contribution to defined contribution benefit plans</u>	<u>Subtotal</u>	<u>Share-based compensation benefits</u>	<u>Total</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
<b>Executive Directors</b>						
Steven Craig Jacobs .....	—	—	—	—	—	—
Stephen John Weaver ....	—	736	—	736	689	1,425
<b>Non-executive Directors</b>						
Sheldon Gary Adelson ....	—	—	—	—	—	—
Jeffrey Howard Schwartz .....	—	—	—	—	—	—
Irwin Abe Siegel .....	—	—	—	—	—	—
<b>Independent Non-executive Directors</b>						
Iain Ferguson Bruce .....	—	—	—	—	—	—
Yun Chiang .....	—	—	—	—	—	—
David Muir Turnbull .....	—	—	—	—	—	—
	—	<u>736</u>	—	<u>736</u>	<u>689</u>	<u>1,425</u>

**APPENDIX I**
**ACCOUNTANT'S REPORT**

The remuneration of the Company's directors for the six months ended June 30, 2009 is as follows:

Six months ended June 30, 2009	Fees US\$'000	Salaries, bonuses, allowance and benefits in kind US\$'000	Contribution to defined contribution benefit plans US\$'000	Subtotal US\$'000	Share-based compensation benefits US\$'000	Total US\$'000
<b>Executive Directors</b>						
Steven Craig Jacobs .....	—	218	—	218	8	226
Stephen John Weaver .....	—	671	—	671	424	1,095
<b>Non-executive Directors</b>						
Sheldon Gary Adelson .....	—	—	—	—	—	—
Jeffrey Howard Schwartz .....	—	—	—	—	—	—
Irwin Abe Siegel .....	—	—	—	—	—	—
<b>Independent Non-executive Directors</b>						
Iain Ferguson Bruce .....	—	—	—	—	—	—
Yun Chiang .....	—	—	—	—	—	—
David Muir Turnbull .....	—	—	—	—	—	—
	—	889	—	889	432	1,321

In addition to the directors' emoluments disclosed above, Sheldon Gary Adelson, received emoluments (inclusive of share-based compensation) from the Ultimate Parent Company, amounting to US\$5.8 million, US\$3.4 million, US\$1.6 million, US\$0.8 million (unaudited) and US\$0.8 million for the years ended December 31, 2006, 2007 and 2008, and for the six months ended June 30, 2008 and 2009, respectively, part of which is in respect of his services to the Group. No apportionment has been made as the directors consider that it is impracticable to apportion this amount between his services to the Group and his services to the Ultimate Parent Company.

Jeffrey Howard Schwartz and Irwin Abe Siegel received emoluments (inclusive of share-based compensation) from the Ultimate Parent Company, amounting to US\$0.2 million, US\$0.2 million, US\$0.3 million, US\$0.1 million (unaudited), US\$0.2 million for the years ended December 31, 2006, 2007 and 2008, and for the six months ended June 30, 2008 and 2009 respectively. They were independent non-executive directors of LVS during the Relevant Periods.

Steven Craig Jacobs and Stephen John Weaver were appointed as executive directors of the Company on August 18, 2009.

Sheldon Gary Adelson, Jeffrey Howard Schwartz and Irwin Abe Siegel were appointed as non-executive directors of the Company on August 18, 2009, October 14, 2009 and October 14, 2009 respectively.

Iain Ferguson Bruce, Yun Chiang and David Muir Turnbull were appointed as independent non-executive directors of the Company on October 14, 2009.

None of the directors received or will receive any fees in respect of their services to the Company during the Relevant Periods.

No emoluments were paid to any directors as an inducement to join or upon joining the Group or as compensation for loss of office during the Relevant Periods.

## (c) Five highest paid individuals

For the years ended December 31, 2007 and 2008 and the six months ended June 30, 2008 and 2009, the five individuals whose emoluments were the highest in the Group include one director whose emoluments are reflected in the analysis presented above. For the year ended December 31, 2006, none of the five highest paid individuals was a director of the Company. The emoluments payable to the remaining five, four, four, four and four individuals during the Relevant Periods respectively are as follows:

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Basic salaries and allowance .....	1,823	2,330	3,194	1,411	959
Bonus .....	936	1,505	272	272	71
Share-based compensation .....	3,435	4,674	4,245	2,092	1,203
	<u>6,194</u>	<u>8,509</u>	<u>7,711</u>	<u>3,775</u>	<u>2,233</u>

The emoluments of the above mentioned individuals, who are non-directors of the Company, with the highest emoluments fall within the following bands:

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	Number of individuals	Number of individuals	Number of individuals	Number of individuals (Unaudited)	Number of individuals
HK\$2,000,001 (approximately US\$258,000) – HK\$2,500,000 (approximately US\$323,000) .....	—	—	—	—	1
HK\$3,500,001 (approximately US\$452,000) – HK\$4,000,000 (approximately US\$516,000) .....	—	—	—	—	1
HK\$4,000,001 (approximately US\$516,000) – HK\$4,500,000 (approximately US\$581,000) .....	—	—	—	1	—
HK\$4,500,001 (approximately US\$581,000) – HK\$5,000,000 (approximately US\$645,000) .....	—	—	—	—	1
HK\$5,500,001 (approximately US\$710,000) – HK\$6,000,000 (approximately US\$774,000) .....	—	—	—	—	1
HK\$6,000,001 (approximately US\$774,000) – HK\$6,500,000 (approximately US\$839,000) .....	1	—	—	—	—
HK\$6,500,001 (approximately US\$839,000) – HK\$7,000,000 (approximately US\$903,000) .....	1	—	—	1	—
HK\$7,000,001 (approximately US\$903,000) – HK\$7,500,000 (approximately US\$968,000) .....	—	—	—	1	—
HK\$7,500,001 (approximately US\$968,000) – HK\$8,000,000 (approximately US\$1,032,000) .....	1	—	—	—	—
HK\$8,500,001 (approximately US\$1,097,000) – HK\$9,000,000 (approximately US\$1,161,000) .....	1	—	1	1	—
HK\$10,000,001 (approximately US\$1,290,000) – HK\$10,500,000 (approximately US\$1,355,000) .....	—	1	—	—	—
HK\$12,500,001 (approximately US\$1,613,000) – HK\$13,000,000 (approximately US\$1,677,000) .....	—	1	—	—	—
HK\$13,000,001 (approximately US\$1,677,000) – HK\$13,500,000 (approximately US\$1,742,000) .....	—	1	—	—	—
HK\$13,500,001 (approximately US\$1,742,000) – HK\$14,000,000 (approximately US\$1,806,000) .....	1	—	1	—	—
HK\$15,000,001 (approximately US\$1,935,000) – HK\$15,500,000 (approximately US\$2,000,000) .....	—	—	1	—	—
HK\$17,500,001 (approximately US\$2,258,000) – HK\$18,000,000 (approximately US\$2,323,000) .....	—	—	1	—	—
HK\$23,000,001 (approximately US\$2,968,000) – HK\$23,500,000 (approximately US\$3,032,000) .....	—	1	—	—	—
	<u>5</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

No emoluments were paid to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the Relevant Periods.

## 8 Other expenses

(a) An analysis of the operating expenses is as follows:

	Note	Year ended December 31,			Six months ended June 30,	
		2006	2007	2008	2008	2009
		US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Gaming tax .....		562,766	884,870	1,300,477	641,943	633,417
Inventories consumed .....		13,023	24,003	42,241	18,033	20,408
Employee benefit expenses .....		175,567	349,247	517,910	264,559	232,856
Depreciation and amortization .....		35,163	104,047	268,220	123,388	158,444
Gaming promoter/agency commissions .....		37,763	102,810	162,051	77,735	86,827
Other expenses .....	(i)	78,487	257,340	468,446	193,076	258,560
<b>Operating expenses .....</b>		<b>902,769</b>	<b>1,722,317</b>	<b>2,759,345</b>	<b>1,318,734</b>	<b>1,390,512</b>

(i) Analysis of other expenses is as follows:

	Note	Year ended December 31,			Six months ended June 30,	
		2006	2007	2008	2008	2009
		US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Advertising costs .....		7,417	32,002	48,457	13,313	18,999
Utilities and fuel costs .....		10,809	35,922	82,717	35,288	35,646
Professional fees .....		5,643	20,351	15,495	6,826	3,150
Guest compliments .....		5,142	14,083	16,342	6,821	7,776
Gaming supplies .....		5,451	9,984	14,406	7,240	7,019
Land lease expense .....		809	9,766	11,885	5,874	6,125
Management fees .....	33(a)(i)	4,857	14,901	29,493	12,064	13,081
Suspension costs .....	(1)	—	—	33,581	—	41,848
Auditor's remuneration .....		732	1,216	1,667	834	834
Provision for doubtful accounts .....		448	1,238	15,022	917	18,739
Repairs and maintenance .....		2,470	4,773	17,251	7,009	7,284
Contract entertainment .....		1,471	14,428	25,480	6,258	11,637
Operating supplies .....		4,481	18,446	29,052	14,866	11,519
Operating lease payments .....		2,841	10,189	21,385	12,044	9,113
Recruitment expenses .....		1,136	7,787	12,540	5,799	1,866
Tourism and other taxes .....		499	3,093	8,650	3,200	4,259
Contract labor .....		1,949	9,015	35,831	12,838	17,431
Insurance .....		1,441	2,126	8,011	4,695	3,338
Net foreign exchange losses/(gains) .....		694	5,190	(29,179)	(2,556)	125
Loss on disposal of property and equipment .....		1,940	562	1,622	1,184	4,894
Fair value losses/(gains) on financial assets at fair value through profit or loss .....		492	592	44	(54)	—
<b>Other operating expenses .....</b>		<b>17,765</b>	<b>41,676</b>	<b>68,694</b>	<b>38,616</b>	<b>33,877</b>
		<b>78,487</b>	<b>257,340</b>	<b>468,446</b>	<b>193,076</b>	<b>258,560</b>

(1) Suspension costs mainly comprised of labor severance and payroll costs, site management and organization costs, demobilization costs and storage charges incurred during the suspension period.

(b) The operating expenses can also be analyzed as follows:

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Casino .....	742,197	1,238,027	1,875,432	903,087	916,164
Rooms .....	230	13,081	32,236	16,182	13,958
Food and beverage .....	11,454	25,589	47,040	21,642	22,655
Mall .....	—	8,262	31,508	13,667	16,765
Convention, ferry, retail and other .....	3,009	24,824	109,423	46,184	59,675
Provision for doubtful accounts .....	448	1,238	15,022	917	18,739
General and administrative expense .....	68,654	146,608	269,026	146,821	115,872
Corporate expense .....	352	2,674	14,747	4,291	4,692
Land lease expense .....	809	9,766	11,885	5,874	6,125
Pre-opening expense .....	34,675	141,857	112,319	38,107	52,404
Development expense .....	2,652	—	—	—	—
Depreciation and amortization .....	35,163	104,047	268,220	123,388	158,444
Net foreign exchange losses/(gains) .....	694	5,190	(29,179)	(2,556)	125
Loss on disposal of property and equipment .....	1,940	562	1,622	1,184	4,894
Fair value losses/(gains) on financial assets at fair value through profit or loss .....	492	592	44	(54)	—
<b>Operating expenses .....</b>	<b>902,769</b>	<b>1,722,317</b>	<b>2,759,345</b>	<b>1,318,734</b>	<b>1,390,512</b>

#### 9 Interest expense, net of amounts capitalized

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Interest expense relating to land lease payments .....	—	4,725	3,369	1,829	1,198
Notes payable to related companies .....	8,109	6,349	5,761	2,932	2,255
Bank borrowings .....	64,153	168,696	185,247	90,511	46,276
Finance lease liabilities .....	86	42	35	3	34
Amortization of deferred financing costs ....	3,655	7,738	8,580	4,367	4,707
Standby fee and bank guarantee charges ..	8,358	8,425	2,175	1,410	2,379
	84,361	195,975	205,167	101,052	56,849
Less: interest capitalized .....	(54,090)	(118,938)	(82,297)	(40,868)	(4,637)
<b>Interest expense, net of amounts capitalized .....</b>	<b>30,271</b>	<b>77,037</b>	<b>122,870</b>	<b>60,184</b>	<b>52,212</b>

Capitalization of interest ceased upon suspension of the respective Cotai Strip development projects (see also Note 31(d)).

## 10 Income tax expenses/(credits)

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Current income tax					
Macau complementary tax .....	—	—	233	136	160
Hong Kong profits tax .....	2	17	12	25	1
Under-provision in prior year .....	—	12	—	—	—
Deferred income tax .....	—	(83)	(76)	(19)	6
Income tax expenses/(credits) .....	<u>2</u>	<u>(54)</u>	<u>169</u>	<u>142</u>	<u>167</u>

## (a) Macau complementary tax

Macau complementary tax was levied at progressive rates ranging from 3% to 9% on the taxable income not exceeding MOP300,000 (equivalent to US\$37,580) and at a fixed rate of 12% on the taxable income in excess of MOP300,000 (equivalent to US\$37,580) for the year ended December 31, 2006. Since January 1, 2007, Macau complementary tax is levied at progressive rates ranging from 3% to 9% on the taxable income above MOP32,000 (equivalent to US\$4,009) but below MOP300,000 (equivalent to US\$37,580), and thereafter at a fixed rate of 12%. Also for the same years, a special complementary tax incentive is provided to effect that tax free income threshold is increased from MOP32,000 to MOP200,000 (equivalent to US\$4,009 to US\$25,053) with the next MOP100,000 (equivalent to US\$12,527) of profit being taxed at a fixed rate of 9% and thereafter at a fixed rate of 12%.

Pursuant to the Despatch No. 250/2004 issued by the Chief Executive of the Macau Government on September 30, 2004, VML was exempted from Macau complementary tax on its gaming activities for five years effective from the 2004 year of assessment. On May 21, 2008, VML was granted, pursuant to the Despatch No. 167/2008 issued by the Chief Executive of the Macau Government, an extension of the tax exemption regarding Macau complementary tax on its gaming activities for an additional five years, which is set to expire in 2013. Regarding the other subsidiaries, during the Relevant Periods, Macau complementary tax is calculated progressively at a maximum of 12% of the estimated assessable profit for that period.

## (b) Hong Kong profits tax

The Group also carries on business in Hong Kong that is subject to the Hong Kong profits tax rate at 17.5% for the years ended December 31, 2006 and 2007, and at 16.5% for the year ended December 31, 2008, and the six months ended June 30, 2008 and 2009.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the domestic tax rates applicable to profits of the combined entities in the respective jurisdictions as follows:

	Note	Year ended December 31,			Six months ended June 30,	
		2006	2007	2008	2008	2009
		US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Profit before income tax .....		375,836	196,084	175,905	114,127	58,144
Tax calculated at domestic rates applicable to profits of the combined entities in the respective jurisdictions .....		44,524	23,348	17,277	12,724	6,234
Tax effects of:						
Income not subject to tax .....	(i)	(168,250)	(266,808)	(405,008)	(198,194)	(206,553)
Expenses not deductible for tax purposes .....	(i),(ii)	113,177	213,869	329,947	150,270	150,022
Amortization of pre-operating expenses previously not recognized .....		4,693	7,728	664	1,409	3,889
Tax losses for which no deferred income tax assets were recognized .....		5,854	21,789	57,854	34,015	46,592
Others .....		4	20	(565)	(82)	(17)
Tax expenses/(credits) .....		2	(54)	169	142	167

(i) During the Relevant Periods, VML was exempted from Macau complementary tax on its gaming activities (see also Note 10(a)). Besides, lease/right of use income recorded in VML and VCL were subject to property tax (note (ii)), and should, therefore, be excluded from Macau complementary tax calculations. Accordingly, casino revenues and lease/right of use income and their corresponding expenses incurred were presented as "Income not subject to tax" and "Expenses not deductible for tax purposes" respectively in the calculations above.

(ii) Lease/right of use income recorded in VML and VCL were exempted from property tax for the first four and six years for the newly constructed buildings in Macau and Cotai Strip respectively pursuant to Article 9(1)(a) of Lei no. 19/78/M.

## 11 Earnings per share

Earnings per share information is not presented as its inclusion is not considered meaningful due to the Reorganization and the presentation of the results for the years ended December 31, 2006, 2007 and 2008, and for the six months ended June 30, 2008 and 2009, on the combined basis as disclosed in Note 1.

## 12 Dividend

No dividend has been paid or declared by the Company since its incorporation.

## 13 Investment properties, net

	As of December 31,			As of June 30, 2009
	2006 US\$'000	2007 US\$'000	2008 US\$'000	US\$'000
At the beginning of the year/period .....	—	—	292,726	338,014
Transfer from property and equipment upon adoption of IAS 40 (Amendment) .....	—	—	—	227,942
Additions .....	—	—	5,556	66,134
Transfer from property and equipment .....	—	296,642	56,322	—
Depreciation .....	—	(3,918)	(17,606)	(10,369)
Exchange difference .....	—	2	1,016	20
At the end of the year/period .....	—	292,726	338,014	621,741

	As of December 31,			As of June 30, 2009
	2006 US\$'000	2007 US\$'000	2008 US\$'000	US\$'000
Cost .....	—	296,644	359,658	653,759
Accumulated depreciation .....	—	(3,918)	(21,644)	(32,018)
	—	292,726	338,014	621,741

The Group's investment properties are revalued by an independent professional qualified valuer on an annual basis. Valuations were based on current prices in an active market for all properties as follows:

	As of December 31,			As of June 30, 2009
	2006 US\$'000	2007 US\$'000	2008 US\$'000	US\$'000
Fair value of the investment properties .....	—	1,890,000	1,995,000	2,256,000

The following amounts have been recognized in the combined income statements:

	Year ended December 31,			Six months ended June 30,	
	2006 US\$'000	2007 US\$'000	2008 US\$'000	2008 US\$'000 (Unaudited)	2009 US\$'000
Mall income .....	—	24,814	123,038	48,449	64,122
Direct operating expenses arising from investment properties that generate rental income .....	—	3,524	28,052	8,567	18,174
Direct operating expenses that did not generate rental income .....	—	4,287	8,851	7,540	6,611



## 14 Leasehold interests in land, net

	As of December 31,			As of June 30, 2009
	2006	2007	2008	
	US\$'000	US\$'000	US\$'000	US\$'000
At the beginning of the year/period.....	6,484	8,645	234,579	274,443
Additions.....	2,828	235,161	49,596	16,085
Amortization.....	(651)	(9,533)	(11,647)	(6,006)
Exchange difference.....	(16)	306	1,915	24
At the end of the year/period.....	<u>8,645</u>	<u>234,579</u>	<u>274,443</u>	<u>284,546</u>

The Group received a land concession from the Macau Government to build on Parcels 1, 2 and 3 of the Cotai Strip, including the sites on which The Venetian Macao (Parcel 1) and the Plaza Macao (Parcel 2) are located. The Group does not own these land sites; however, the land concession, which has an initial term of 25 years and is renewable at the Group's option, in accordance with Macau law, grants the Group exclusive use of the land. As specified in the land concession, the Group is required to pay premiums for each parcel, which are either payable in a single lump sum upon acceptance of the land concession by the Macau Government or in seven semi-annual installments bearing interest at 5.0% per annum (provided that the outstanding balance is due upon the completion of the corresponding integrated resort), as well as annual rent for the term of the land concession, which may be revised every five years by the Macau Government.

The Group's rights arising from the land concession of Sands Macao and Parcels 1 and 2 are collateralized by a first-priority security for the Group's indebtedness under the Macau Credit Facility (see Note 27 (a)). In addition, the Group's rights over parcels of land are charged as security to a financial institution for issuing a bank guarantee to the Macau Government to guarantee the payments of the land lease premium.

During the year ended December 31, 2006, the Group made payments of US\$2.8 million towards the land premium for Sands Macao.

During the year ended December 31, 2007, the Group made payments of US\$163.8 million for the full payment of the land premium for Parcel 1 and partial payments of US\$27.9 million and US\$29.8 million towards the land premiums for Parcels 2 and 3, respectively. The Group received a credit in the amount of US\$24.1 million towards the aggregate land premium related to reclamation work and other works done on the land, and the installation costs of an electrical substation. The Group also made payments on other land concessions during the year ended December 31, 2007.

During the year ended December 31, 2008, the Group made payments of US\$12.0 million and US\$13.5 million for partial payments of the land premium for Parcels 2 and 3, respectively. The Group also made a payment of US\$17.8 million as consideration for the Plaza Macao land concession amendment, which allowed the Group to subdivide the parcel into four separate units under Macau's horizontal property regime, consisting of retail, hotel/casino, the apart-hotel tower of the Plaza Macao and parking areas. The Group also made payments on other land concessions during the year ended December 31, 2008.

During the six months ended June 30, 2009, the Group made payments of US\$6.2 million and US\$7.0 million for partial payments of the land premium for Parcels 2 and 3, respectively.

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15 Property and equipment, net

The movements of property and equipment for the years ended December 31, 2006, 2007 and 2008, and the six months ended June 30, 2009, are as follows:

	Land improvements US\$'000	Buildings US\$'000	Building improvements US\$'000	Leasehold improvements US\$'000	Vehicles US\$'000	Ferries US\$'000	Furniture, fittings & equipment US\$'000	Construction- in-progress US\$'000	Total US\$'000
<b>At January 1, 2006</b>									
Cost.....	10,425	151,266	45,009	2,714	341	—	64,175	471,984	745,914
Accumulated depreciation.....	(820)	(9,974)	(3,509)	(926)	(91)	—	(22,227)	—	(37,547)
<b>At January 1, 2006</b>	<u>9,605</u>	<u>141,292</u>	<u>41,500</u>	<u>1,788</u>	<u>250</u>	<u>—</u>	<u>41,948</u>	<u>471,984</u>	<u>708,367</u>
<b>Year ended December 31, 2006</b>									
Opening net book amount.....	9,605	141,292	41,500	1,788	250	—	41,948	471,984	708,367
Additions.....	—	8,374	707	40	291	—	31,151	1,297,726	1,338,289
Adjustment to project costs.....	(19)	—	—	—	—	—	(426)	—	(2,027)
Disposals.....	—	(976)	(561)	—	(64)	—	18,763	(95,476)	—
Transfers.....	—	47,215	29,498	—	—	—	(22,069)	—	(34,335)
Depreciation.....	(503)	(7,008)	(3,899)	(769)	(87)	—	(89)	(1,085)	(1,599)
Exchange difference.....	(21)	(291)	(109)	(4)	—	—	—	—	—
<b>Closing net book amount</b>	<u>9,062</u>	<u>188,606</u>	<u>67,136</u>	<u>1,055</u>	<u>390</u>	<u>—</u>	<u>69,278</u>	<u>1,673,149</u>	<u>2,008,676</u>
<b>At December 31, 2006</b>									
Cost.....	10,382	205,483	74,450	2,748	487	—	113,081	1,673,149	2,079,780
Accumulated depreciation.....	(1,320)	(16,877)	(7,314)	(1,693)	(97)	—	(43,803)	—	(71,104)
<b>At December 31, 2006</b>	<u>9,062</u>	<u>188,606</u>	<u>67,136</u>	<u>1,055</u>	<u>390</u>	<u>—</u>	<u>69,278</u>	<u>1,673,149</u>	<u>2,008,676</u>
<b>Year ended December 31, 2007</b>									
Opening net book amount.....	9,062	188,606	67,136	1,055	390	—	69,278	1,673,149	2,008,676
Additions.....	—	171	4,622	4,641	13,412	32,586	234,657	1,677,295	1,967,384
Adjustment to project costs.....	—	(4,332)	—	—	—	—	(412)	—	(4,332)
Disposals.....	(7)	—	(159)	(10)	—	—	113,201	(2,239,113)	(588)
Transfers.....	82,034	971,499	775,737	—	—	—	(55,661)	—	(296,642)
Depreciation.....	(2,297)	(16,026)	(22,096)	(2,005)	(671)	(136)	11,946	(14,855)	(98,892)
Exchange difference.....	54	(2,588)	(1,373)	(17)	(42)	—	—	—	(6,875)
<b>Closing net book amount</b>	<u>88,846</u>	<u>1,137,330</u>	<u>823,867</u>	<u>3,664</u>	<u>13,089</u>	<u>32,450</u>	<u>373,009</u>	<u>1,096,476</u>	<u>3,568,731</u>
<b>At December 31, 2007</b>									
Cost.....	92,456	1,170,166	853,200	7,308	13,854	32,586	468,312	1,096,476	3,734,358
Accumulated depreciation.....	(3,610)	(32,836)	(29,333)	(3,644)	(765)	(136)	(95,303)	—	(165,627)
<b>At December 31, 2007</b>	<u>88,846</u>	<u>1,137,330</u>	<u>823,867</u>	<u>3,664</u>	<u>13,089</u>	<u>32,450</u>	<u>373,009</u>	<u>1,096,476</u>	<u>3,568,731</u>

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	Land improvements US\$'000	Buildings US\$'000	Building improvements US\$'000	Leasehold improvements US\$'000	Vehicles US\$'000	Ferries US\$'000	Furniture, fittings & equipment US\$'000	Construction- in-progress US\$'000	Total US\$'000
<b>Year ended December 31, 2008</b>									
Opening net book amount	88,846	1,137,330	823,867	3,664	13,089	32,450	373,009	1,096,476	3,568,731
Additions	—	—	(2,963)	—	—	—	—	—	(2,963)
Adjustment to project costs	—	(88)	(64)	(7)	(27)	—	(1,467)	—	(1,653)
Disposals	—	—	358,138	(6,565)	—	—	47,593	(735,647)	(56,322)
Transfers	40,169	239,990	(65,679)	(8,932)	(2,418)	(5,966)	(121,302)	—	(247,025)
Depreciation	(6,786)	(35,942)	(8,921)	117	89	—	(9,142)	23,765	34,433
Exchange difference	869	9,814	8,921	—	—	—	—	—	—
<b>Closing net book amount</b>	<b>123,098</b>	<b>1,351,104</b>	<b>1,122,220</b>	<b>4,283</b>	<b>15,274</b>	<b>163,999</b>	<b>375,519</b>	<b>2,080,326</b>	<b>5,235,823</b>
<b>At December 31, 2008</b>									
Cost	133,554	1,420,292	1,217,753	11,599	18,469	170,101	583,993	2,080,326	5,636,087
Accumulated depreciation	(10,456)	(69,188)	(95,533)	(7,316)	(3,195)	(6,102)	(208,474)	—	(400,264)
<b>At December 31, 2008</b>	<b>123,098</b>	<b>1,351,104</b>	<b>1,122,220</b>	<b>4,283</b>	<b>15,274</b>	<b>163,999</b>	<b>375,519</b>	<b>2,080,326</b>	<b>5,235,823</b>
<b>Period ended June 30, 2009</b>									
Opening net book amount	123,098	1,351,104	1,122,220	4,283	15,274	163,999	375,519	2,080,326	5,235,823
Transfer to investment properties upon adoption of IAS 40 (Amendment)	—	—	—	—	—	—	—	(227,942)	(227,942)
Additions	—	—	—	187	4,567	40,789	8,024	98,579	152,146
Adjustment to project costs	—	(882)	—	—	—	—	—	—	(882)
Disposals	—	(23)	(1,985)	(60)	—	—	(2,313)	(2,121)	(6,502)
Transfers	2,248	18,061	(36,067)	94	—	—	48,036	(32,372)	—
Depreciation	(4,518)	(20,228)	(38,434)	(953)	(1,306)	(4,599)	(74,935)	—	(144,973)
Exchange difference	7	85	53	5	—	—	(354)	498	294
<b>Closing net book amount</b>	<b>120,835</b>	<b>1,348,117</b>	<b>1,045,787</b>	<b>3,556</b>	<b>18,535</b>	<b>200,189</b>	<b>353,977</b>	<b>1,916,968</b>	<b>5,007,964</b>
<b>At June 30, 2009</b>									
Cost	135,812	1,437,540	1,179,493	6,256	23,037	210,890	641,397	1,916,968	5,551,393
Accumulated depreciation	(14,977)	(89,423)	(133,706)	(2,700)	(4,502)	(10,701)	(287,420)	—	(543,429)
<b>At June 30, 2009</b>	<b>120,835</b>	<b>1,348,117</b>	<b>1,045,787</b>	<b>3,556</b>	<b>18,535</b>	<b>200,189</b>	<b>353,977</b>	<b>1,916,968</b>	<b>5,007,964</b>

Interest expense amounting US\$54.1 million, US\$118.9 million, US\$82.3 million, US\$40.9 million (unaudited) and US\$4.6 million (Note 9) and other direct costs of US\$13.6 million, US\$25.4 million, US\$34.1 million, US\$18.7 million (unaudited) and US\$10.1 million have been capitalized for the years ended December 31, 2006, 2007 and 2008, and for the six months ended June 30, 2008 and 2009, respectively.

Equipment includes the following amounts where the Group is the lessee under finance leases:

	As of December 31,			As of
	2006	2007	2008	June 30,
	US\$'000	US\$'000	US\$'000	2009
	US\$'000	US\$'000	US\$'000	US\$'000
Cost .....	2,076	98	666	611
Accumulated depreciation .....	(1,606)	(18)	(75)	(113)
Net book amount .....	<u>470</u>	<u>80</u>	<u>591</u>	<u>498</u>

## 16 Financial instruments by category

	Note	Financial assets at fair value through profit or loss US\$'000	Loans and receivables US\$'000	Total US\$'000
<b>Assets as per combined balance sheets</b>				
<b>At December 31, 2006</b>				
Financial assets at fair value through profit or loss . . . . .	19	508	—	508
Trade and other receivables, net . . . . .	23	—	12,942	12,942
Restricted cash . . . . .	22	—	465,446	465,446
Cash and cash equivalents . . . . .	21	—	278,509	278,509
Deposits . . . . .	20	—	993	993
<b>Total . . . . .</b>		<u>508</u>	<u>757,890</u>	<u>758,398</u>
<b>At December 31, 2007</b>				
Financial assets at fair value through profit or loss . . . . .	19	25	—	25
Trade and other receivables, net . . . . .	23	—	218,510	218,510
Restricted cash . . . . .	22	—	59,202	59,202
Cash and cash equivalents . . . . .	21	—	439,395	439,395
Deposits . . . . .	20	—	2,186	2,186
<b>Total . . . . .</b>		<u>25</u>	<u>719,293</u>	<u>719,318</u>
<b>At December 31, 2008</b>				
Trade and other receivables, net . . . . .	23	—	253,387	253,387
Restricted cash . . . . .	22	—	124,112	124,112
Cash and cash equivalents . . . . .	21	—	417,769	417,769
Deposits . . . . .	20	—	1,768	1,768
<b>Total . . . . .</b>		<u>—</u>	<u>797,036</u>	<u>797,036</u>
<b>At June 30, 2009</b>				
Trade and other receivables, net . . . . .	23	—	214,840	214,840
Restricted cash . . . . .	22	—	172,110	172,110
Cash and cash equivalents . . . . .	21	—	340,620	340,620
Deposits . . . . .	20	—	1,170	1,170
<b>Total . . . . .</b>		<u>—</u>	<u>728,740</u>	<u>728,740</u>

	Note	Financial liabilities at amortized cost US\$'000	Total US\$'000
<b>Liabilities as per combined balance sheets</b>			
<b>At December 31, 2006</b>			
Trade and other payables .....	29	479,287	479,287
Borrowings .....	27	1,387,465	1,387,465
<b>Total</b> .....		<u>1,866,752</u>	<u>1,866,752</u>
<b>At December 31, 2007</b>			
Trade and other payables .....	29	789,988	789,988
Borrowings .....	27	2,941,489	2,941,489
<b>Total</b> .....		<u>3,731,477</u>	<u>3,731,477</u>
<b>At December 31, 2008</b>			
Trade and other payables .....	29	1,875,285	1,875,285
Borrowings .....	27	3,643,160	3,643,160
<b>Total</b> .....		<u>5,518,445</u>	<u>5,518,445</u>
<b>At June 30, 2009</b>			
Trade and other payables .....	29	1,877,618	1,877,618
Borrowings .....	27	3,542,478	3,542,478
<b>Total</b> .....		<u>5,420,096</u>	<u>5,420,096</u>

## 17 Intangible assets, net

	Trademarks US\$'000	Computer software US\$'000	Show production costs US\$'000	Total US\$'000
<b>At January 1, 2006</b>				
Cost.....	84	3,855	—	3,939
Accumulated amortization.....	(20)	(1,175)	—	(1,195)
<b>At January 1, 2006.....</b>	<u>64</u>	<u>2,680</u>	<u>—</u>	<u>2,744</u>
<b>Year ended December 31, 2006</b>				
Balance at January 1, 2006.....	64	2,680	—	2,744
Additions.....	—	1,831	—	1,831
Amortization.....	(12)	(1,082)	—	(1,094)
Exchange difference.....	—	(3)	—	(3)
<b>Balance at December 31, 2006.....</b>	<u>52</u>	<u>3,426</u>	<u>—</u>	<u>3,478</u>
<b>At December 31, 2006</b>				
Cost.....	84	5,679	—	5,763
Accumulated amortization.....	(32)	(2,253)	—	(2,285)
<b>At December 31, 2006.....</b>	<u>52</u>	<u>3,426</u>	<u>—</u>	<u>3,478</u>
<b>Year ended December 31, 2007</b>				
Balance at January 1, 2007.....	52	3,426	—	3,478
Additions.....	21	3,631	—	3,652
Amortization.....	(14)	(1,760)	—	(1,774)
Exchange difference.....	—	175	—	175
<b>Balance at December 31, 2007.....</b>	<u>59</u>	<u>5,472</u>	<u>—</u>	<u>5,531</u>
<b>At December 31, 2007</b>				
Cost.....	105	9,475	—	9,580
Accumulated amortization.....	(46)	(4,003)	—	(4,049)
<b>At December 31, 2007.....</b>	<u>59</u>	<u>5,472</u>	<u>—</u>	<u>5,531</u>
<b>Year ended December 31, 2008</b>				
Balance at January 1, 2008.....	59	5,472	—	5,531
Additions.....	—	4,284	40,320	44,604
Amortization.....	(15)	(2,334)	(1,867)	(4,216)
Exchange difference.....	—	48	255	303
<b>Balance at December 31, 2008.....</b>	<u>44</u>	<u>7,470</u>	<u>38,708</u>	<u>46,222</u>
<b>At December 31, 2008</b>				
Cost.....	105	13,849	40,584	54,538
Accumulated amortization.....	(61)	(6,379)	(1,876)	(8,316)
<b>At December 31, 2008.....</b>	<u>44</u>	<u>7,470</u>	<u>38,708</u>	<u>46,222</u>
<b>Period ended June 30, 2009</b>				
Balance at January 1, 2009.....	44	7,470	38,708	46,222
Additions.....	—	1,353	—	1,353
Adjustment to project costs.....	—	—	(439)	(439)
Amortization.....	(7)	(1,267)	(2,115)	(3,389)
Exchange difference.....	—	(3)	2	(1)
<b>Balance at June 30, 2009.....</b>	<u>37</u>	<u>7,553</u>	<u>36,156</u>	<u>43,746</u>
<b>At June 30, 2009</b>				
Cost.....	105	15,201	40,147	55,454
Accumulated amortization.....	(68)	(7,648)	(3,991)	(11,708)
<b>At June 30, 2009.....</b>	<u>37</u>	<u>7,553</u>	<u>36,156</u>	<u>43,746</u>

**18 Deferred tax assets and liabilities**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The following amounts, determined after appropriate offsetting, are shown in the combined balance sheets:

	As of December 31,			As of
	2006	2007	2008	June 30,
	US\$'000	US\$'000	US\$'000	2009
Deferred tax assets .....	—	124	324	317
Deferred tax liabilities .....	—	(41)	(165)	(165)
Net deferred tax assets .....	—	83	159	152

The movements of the deferred tax assets/(liabilities) are as follows:

	Decelerated depreciation allowance	Tax losses	Accelerated tax depreciation	Total
	US\$'000	US\$'000	US\$'000	US\$'000
At January 1, 2006 .....	—	—	—	—
Credit for 2006 .....	—	—	—	—
At December 31, 2006 .....	—	—	—	—
Credit/(charge) for 2007 .....	21	103	(41)	83
At December 31, 2007 .....	21	103	(41)	83
Credit/(charge) for 2008 .....	—	200	(124)	76
At December 31, 2008 .....	21	303	(165)	159
Credit/(charge) for the period .....	6	(13)	—	(7)
At June 30, 2009 .....	27	290	(165)	152

Deferred tax assets are recognized for tax losses carry forwards to the extent that realization of the related tax benefit through future taxable profits is probable. The unrecognized deferred income tax assets in respect of losses that can be carried forward against future taxable income and pre-opening expenses are as follows:

	As of December 31,			As of
	2006	2007	2008	June 30,
	US\$'000	US\$'000	US\$'000	2009
Arising from unused tax losses .....	17,167	34,750	83,769	89,360
Arising from pre-opening expenses .....	4,697	12,422	15,856	16,323
	21,864	47,172	99,625	105,683

At December 31, 2006, 2007 and 2008, and at June 30, 2009, subject to the agreement by tax authorities, out of the total unrecognized tax losses of approximately US\$17.2 million, US\$34.8 million, US\$83.8 million and US\$89.4 million, respectively, an amount of approximately nil, US\$1.0 million, US\$3.7 million and US\$3.9 million, respectively, can be carried forward indefinitely. The remaining amounts of approximately US\$17.2 million, US\$33.8 million, US\$80.1 million and US\$85.5 million respectively will expire in two to five years.

**19 Financial assets at fair value through profit or loss**

The Group's financial assets at fair value through profit or loss are derivative financial instruments, which consist of one to four interest rate cap agreements (collectively, the "Cap Agreements") that the Group uses to manage the interest rate risk associated with the Group's variable-rate borrowings (see Note 27). The aggregate notional principal amounts of the outstanding Cap Agreements were US\$1.0 billion as of December 31, 2006, and US\$1.7 billion as of December 31, 2007 and 2008, and as of June 30, 2009. The Cap Agreements do not qualify for hedge accounting and are stated at fair value based on quoted market values from the financial institutions holding the agreements.

Changes in fair values of financial assets at fair value through profit or loss are recorded in "Other expenses" in the combined income statements (Note 8).

**20 Other assets, net**

	As of December 31,			As of June 30, 2009
	2006 US\$'000	2007 US\$'000	2008 US\$'000	US\$'000
Deferred leasing fees .....	—	14,719	27,950	26,381
Less: amortization of deferred leasing fees .....	—	(1,159)	(6,023)	(8,806)
Tenant improvement allowance .....	—	9,479	24,930	25,095
Less: amortization of tenant improvement allowance .....	—	(378)	(2,671)	(4,247)
Other deferred incentive allowance .....	—	—	3,940	8,965
Less: amortization of other deferred incentive allowance .....	—	—	(31)	(527)
Deposits .....	993	2,186	1,768	1,170
Others .....	1,361	9,867	10,907	10,185
	<u>2,354</u>	<u>34,714</u>	<u>60,770</u>	<u>58,216</u>

The maximum exposure to credit risk at the reporting date for deposits and others is their carrying values. No impairment charges related to these assets were recorded during the years ended December 31, 2006, 2007 and 2008. Impairment charges related to these assets of US\$1.0 million were recorded during the six months ended June 30, 2009.

The Group's deposits are denominated in the following currencies:

	As of December 31,			As of June 30, 2009
	2006 US\$'000	2007 US\$'000	2008 US\$'000	US\$'000
HK\$ .....	381	922	985	618
US\$ .....	130	129	—	—
MOP .....	482	1,135	440	220
Renminbi ("RMB") .....	—	—	343	332
	<u>993</u>	<u>2,186</u>	<u>1,768</u>	<u>1,170</u>

**21 Cash and cash equivalents**

	As of December 31,			As of June 30, 2009
	2006 US\$'000	2007 US\$'000	2008 US\$'000	US\$'000
Cash at bank and on hand .....	278,509	439,395	364,566	340,620
Short-term bank deposits .....	—	—	53,203	—
	<u>278,509</u>	<u>439,395</u>	<u>417,769</u>	<u>340,620</u>



The Group's cash and cash equivalents are denominated in the following currencies:

	As of December 31,			As of June 30, 2009
	2006	2007	2008	
	US\$'000	US\$'000	US\$'000	US\$'000
HK\$ .....	176,462	386,560	244,048	204,665
US\$ .....	99,777	30,680	143,041	110,522
MOP .....	1,593	11,023	16,493	14,056
Singapore Dollar ("SGD") .....	677	2,689	9,534	8,207
Japanese Yen ("JPY") .....	—	8,307	4,403	2,348
RMB .....	—	136	250	822
	<u>278,509</u>	<u>439,395</u>	<u>417,769</u>	<u>340,620</u>

The effective interest rates on short-term bank deposits ranged from 0.08% to 0.33%, per annum, for the year ended December 31, 2008. These deposits have an average maturity of 10 to 37 days.

The carrying values of cash equivalents approximate their fair values at each balance sheet date.

The maximum credit exposure of cash and cash equivalents as of December 31, 2006, 2007 and 2008, and June 30, 2009, amounted to US\$222.4 million, US\$309.5 million, US\$345.5 million and US\$284.2 million, respectively.

## 22 Restricted cash

As required by the Group's Macau Credit Facility (Note 27(a)), certain proceeds drawn under this facility needs to be deposited into restricted bank accounts that are pledged to a disbursement agent for the Macau Credit Facility lenders. This restricted cash will be used for Sands Macao, The Venetian Macao and other Cotai Strip project costs under the disbursement terms specified in the Macau Credit Facility. The disbursement account is subject to a security interest in favor of the lenders under the Macau Credit Facility.

	As of December 31,			As of June 30, 2009
	2006	2007	2008	
	US\$'000	US\$'000	US\$'000	US\$'000
Restricted cash .....	465,446	59,202	124,112	172,110
Less: non-current portion .....	(232,072)	—	—	—
Current portion .....	<u>233,374</u>	<u>59,202</u>	<u>124,112</u>	<u>172,110</u>

The Group's restricted cash is denominated in the following currencies:

	As of December 31,			As of June 30, 2009
	2006	2007	2008	
	US\$'000	US\$'000	US\$'000	US\$'000
US\$ .....	431,235	586	103,449	143,597
MOP .....	34,211	58,616	20,663	1,647
HK\$ .....	—	—	—	26,866
	<u>465,446</u>	<u>59,202</u>	<u>124,112</u>	<u>172,110</u>

The maximum exposure to credit risk is the carrying amounts of restricted cash at each balance sheet date.

## 23. Trade and other receivables and prepayments, net

	Note	As of December 31,			As of
		2006	2007	2008	June 30,
		US\$'000	US\$'000	US\$'000	2009
Trade receivables .....		6,748	46,351	216,388	228,134
Less: provision for doubtful trade receivables .....		(704)	(1,936)	(17,000)	(32,652)
Trade receivables, net .....	(a)	6,044	44,415	199,388	195,482
Notes receivable from related companies .....		—	141,000	800	800
Prepayments .....		4,726	32,924	84,321	53,047
Other receivables .....		6,279	20,762	22,991	15,418
Notes interest receivable from related companies .....		—	4,591	57	67
Receivables from related companies—non-trade .....		619	7,742	30,151	3,073
Deferred rent .....		—	15,578	55,580	63,907
Less: amortization of deferred rent .....		—	(1,905)	(13,884)	(22,690)
Less: provision for doubtful deferred rent .....		—	—	—	(3,092)
		17,668	265,107	379,404	306,012
Less: non-current portion		—	(500)	(500)	—
Notes receivable from related companies .....		—	(20,409)	(62,848)	(36,328)
Prepayments .....		—	(4,223)	(28,109)	(25,343)
Deferred rent .....		—	(25,132)	(91,457)	(61,671)
Current portion .....		17,668	239,975	287,947	244,341

The Group's trade and other receivables are denominated in the following currencies:

	As of December 31,			As of
	2006	2007	2008	June 30,
	US\$'000	US\$'000	US\$'000	2009
HK\$ .....	5,903	25,931	197,489	191,685
MOP .....	6,420	39,264	24,608	19,081
US\$ .....	619	153,046	30,790	3,721
RMB .....	—	269	500	353
	12,942	218,510	253,387	214,840

## (a) Trade receivables, net

The aging analysis of trade receivables, net of provision for doubtful accounts is as follows:

	As of December 31,			As of
	2006	2007	2008	June 30,
	US\$'000	US\$'000	US\$'000	2009
0 – 30 days .....	5,538	30,405	148,061	137,142
31 – 60 days .....	506	6,898	12,671	7,137
61 – 90 days .....	—	2,470	8,790	9,643
Over 90 days .....	—	4,642	29,866	41,560
	6,044	44,415	199,388	195,482

The carrying values of trade receivables approximate their fair values at each balance sheet date. The maximum exposure to credit risk is the fair values of trade receivables at each balance sheet date.

Included in trade receivables are casino receivables of US\$6.6 million, US\$24.9 million, US\$185.3 million and US\$195.6 million as of December 31, 2006, 2007 and 2008 and as of June 30, 2009, respectively. There is a concentration of credit risk related to gross casino receivables as 88.4%, 64.9%, 33.9% and 36.7% of the casino receivables as of December 31, 2006, 2007 and 2008, and as of June 30, 2009, respectively, were receivables from the top five customers. Other than casino receivables, there is no other concentration of credit risk with respect to trade receivables as the Group has a large number of customers. The Group has policies to mitigate concentration of credit risk (see Note 3(a)(ii)) and believes its provision are adequate.

As of December 31, 2006, 2007 and 2008, and as of June 30, 2009, casino receivables of approximately US\$0.6 million, US\$18.6 million, US\$47.3 million and US\$98.0 million, respectively, were past due but not impaired. These relate to a number of independent customers that have a good track record with the Group. Extension of the credit period, with terms and conditions subject to special approvals, have been granted to these customers. The aging analysis of casino receivables that were past due but not impaired based on the original terms is as follows:

	As of December 31,			As of
	2006	2007	2008	June 30,
	US\$'000	US\$'000	US\$'000	2009
Past due 1 – 30 days .....	625	13,173	9,145	54,867
Past due 31 – 60 days .....	—	1,233	7,004	1,773
Past due 61 – 90 days .....	—	329	13,355	8,311
Past due over 90 days .....	—	3,832	17,818	33,009
	<u>625</u>	<u>18,567</u>	<u>47,322</u>	<u>97,960</u>

Trade receivables other than casino receivables mainly comprised of hotel and mall receivables. As of December 31, 2006, 2007 and 2008 and as of June 30, 2009, these receivables of approximately US\$5,000, US\$10.7 million, US\$24.2 million and US\$16.3 million, respectively, were past due but not impaired. These relate to a number of independent customers that have a good track record with the Group. The aging analysis of these trade receivables is as follows:

	As of December 31,			As of
	2006	2007	2008	June 30,
	US\$'000	US\$'000	US\$'000	2009
Past due 1 – 30 days .....	5	5,540	9,137	6,334
Past due 31 – 60 days .....	—	3,427	5,044	4,650
Past due 61 – 90 days .....	—	1,200	4,409	3,870
Past due over 90 days .....	—	550	5,610	1,442
	<u>5</u>	<u>10,717</u>	<u>24,200</u>	<u>16,296</u>

As of December 31, 2006, 2007 and 2008, and as of June 30, 2009, trade receivables of US\$0.7 million, US\$1.9 million, US\$20.3 million and US\$64.7 million were impaired and provided for. The amount of the provision was US\$0.7 million, US\$1.9 million, US\$17.0 million and US\$32.7 million as of December 31, 2006, 2007 and 2008, and as of June 30, 2009, respectively. The receivables mainly relate to casino customers and mall retailers, which are in unexpected difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered and thus not impaired. The aging of these receivables provided for is as follows:

	As of December 31,			As of
	2006	2007	2008	June 30,
	US\$'000	US\$'000	US\$'000	2009
Past due 1 – 30 days .....	528	—	1,090	33
Past due 31 – 60 days .....	—	—	526	13
Past due 61 – 90 days .....	—	—	1,196	160
Past due over 90 days .....	<u>176</u>	<u>1,936</u>	<u>17,498</u>	<u>64,447</u>
	<u>704</u>	<u>1,936</u>	<u>20,310</u>	<u>64,653</u>

Movement of provision for doubtful trade receivables is as follows:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US\$'000	US\$'000	US\$'000	US\$'000
At the beginning of the year/period.....	258	704	1,936	17,000
Provision made for the year/period .....	2,937	1,792	16,989	20,147
Amounts written-back .....	(2,489)	(554)	(1,967)	(4,500)
Exchange difference .....	(2)	(6)	42	5
At the ending of the year/period.....	<u>704</u>	<u>1,936</u>	<u>17,000</u>	<u>32,652</u>

(b) Other receivables and deferred rent

The carrying values of other receivables approximate their fair values at each balance sheet date, which also represent the Group's maximum exposure to credit risk as of December 31, 2006, 2007 and 2008 and June 30, 2009. The Group holds security deposits, bank guarantees and letters of credit for certain other receivables and deferred rent. No impairment charges related to these assets were recorded for the years ended December 31, 2006, 2007 and 2008. Impairment charges of US\$3.1 million related to deferred rent were recorded for six months ended June 30, 2009 and included in "Other expenses" in the combined income statements. Amounts are charged to the provision account and generally written off when the recoverability is remote.

## 24 Inventories

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US\$'000	US\$'000	US\$'000	US\$'000
Food and beverage .....	1,116	5,074	5,261	4,703
Retail products .....	76	989	2,228	1,786
Tobacco .....	199	408	474	430
Ferry parts .....	—	—	243	867
General operating supplies .....	272	1,939	2,709	2,333
	<u>1,663</u>	<u>8,410</u>	<u>10,915</u>	<u>10,119</u>

As of December 31, 2006, 2007 and 2008, and as of June 30, 2009, all inventories were carried at cost.

## 25 Combined capital

Balance represents the combined share capital of VVDIL, Cotai WaterJets (HK) Limited and CotaiJet Holdings (II) Limited.

## 26 Reserves

### (a) Statutory reserve

The statutory reserve represents amounts set aside from the income statement and is not distributable to shareholders/quota-holders of the Group companies incorporated.

The Macau Commercial Code #432 requires that companies that are limited by shares should set aside a minimum of 10% of the company's profit after taxation to the statutory reserve until the balance of the reserve reaches a level equivalent to 25% of the company's capital.

For companies limited by quotas, the Macau Commercial Code #377 requires that a company should set aside a minimum of 25% of the company's profit after taxation to the statutory reserve until the balance of the reserve reaches a level equivalent to 50% of the company's capital.

(b) Capital reserve

Capital reserve represents the combined share premium of VVDIL, Cotai WaterJets (HK) Limited and CotaiJet Holdings (II) Limited.

## 27 Borrowings

The Group's borrowings are summarized as follows:

	Note(s)	As of December 31,			As of
		2006	2007	2008	June 30,
		US\$'000	US\$'000	US\$'000	2009
<b>Non-current portion</b>					
Bank loans, secured .....	(a),(b),(c)	1,300,000	2,844,750	3,481,400	3,327,218
Notes payable to related companies .....		124,632	129,187	153,191	174,809
Finance lease liabilities, secured .....	28	22	61	501	389
		<u>1,424,654</u>	<u>2,973,998</u>	<u>3,635,092</u>	<u>3,502,416</u>
Less: deferred financing costs .....		<u>(37,529)</u>	<u>(38,779)</u>	<u>(36,230)</u>	<u>(30,755)</u>
		<u>1,387,125</u>	<u>2,935,219</u>	<u>3,598,862</u>	<u>3,471,661</u>
<b>Current portion</b>					
Bank loans, secured .....		—	6,250	44,107	70,628
Finance lease liabilities, secured .....	28	340	20	191	189
		<u>340</u>	<u>6,270</u>	<u>44,298</u>	<u>70,817</u>
<b>Total borrowings</b> .....		<u>1,387,465</u>	<u>2,941,489</u>	<u>3,643,160</u>	<u>3,542,478</u>

The maturities of bank loans and notes payable to related companies are as follows:

	As of December 31,			As of
	2006	2007	2008	June 30,
	US\$'000	US\$'000	US\$'000	2009
<b>Bank loans</b>				
Repayable within 1 year .....	—	6,250	44,107	70,628
Repayable between 1 and 2 years .....	12,250	50,000	103,839	703,247
Repayable between 2 and 5 years .....	129,750	1,928,500	3,274,707	2,529,897
Repayable after 5 years .....	1,158,000	866,250	102,854	94,074
<b>Total bank loans</b> .....	<u>1,300,000</u>	<u>2,851,000</u>	<u>3,525,507</u>	<u>3,397,846</u>
<b>Notes payable to related companies</b>				
Repayable between 2 and 5 years .....	—	—	153,191	174,809
Repayable after 5 years .....	124,632	129,187	—	—
<b>Total notes payable</b> .....	<u>124,632</u>	<u>129,187</u>	<u>153,191</u>	<u>174,809</u>
<b>Total bank loans and notes payable</b> .....	<u>1,424,632</u>	<u>2,980,187</u>	<u>3,678,698</u>	<u>3,572,655</u>

The estimated fair values of the Group's borrowings as of December 31, 2006, 2007, 2008 and June 30, 2009 were approximately US\$1.4 billion, US\$3.0 billion, US\$2.3 billion and US\$3.1 billion, respectively.

The Group's borrowings are denominated in the following currencies:

	As of December 31,			As of June 30, 2009
	2006 US\$'000	2007 US\$'000	2008 US\$'000	US\$'000
US\$ .....	1,287,341	2,841,408	3,312,260	3,208,104
HK\$ .....	124	38	219,123	228,956
MOP .....	100,000	100,043	111,674	105,331
RMB .....	—	—	103	87
	<u>1,387,465</u>	<u>2,941,489</u>	<u>3,643,160</u>	<u>3,542,478</u>

- (a) On May 25, 2006, VMLF (the "Borrower"), entered into the Macau Credit Facility to finance the construction projects of the Group. The Macau Credit Facility originally consisted of a US\$1.2 billion funded term B loan (the "Macau Term B Facility"), a US\$700.0 million delayed draw term B loan (the "Macau Term B Delayed Draw Facility"), a US\$100.0 million funded local currency term loan (the "Macau Local Term Facility") and a US\$500.0 million revolving credit facility (the "Macau Revolving Facility"). In March 2007, the Macau Credit Facility was amended to expand the use of proceeds and remove certain restrictive covenants. In April 2007, the lenders of the Macau Credit Facility approved a reduction of the interest rate margin for all classes of loans by 50 basis points and the Borrower exercised its rights under the Macau Credit Facility to access the US\$800.0 million of incremental facilities under the accordion feature set forth therein, which increased the funded Macau Term B Facility by US\$600.0 million, the Macau Revolving Facility by US\$200.0 million, and the total Macau Credit Facility to US\$3.3 billion. As of June 30, 2009, the Macau Credit Facility had been fully funded except for US\$6.6 million committed to be funded by Lehman Brothers Commercial Paper Inc.

The indebtedness under the Macau Credit Facility is guaranteed by VML, VCL and certain other subsidiaries (collectively, the "Guarantors"). The obligations under the Macau Credit Facility and the guarantees of the Guarantors are collateralized by a first-priority security interest in substantially all of the Borrower's and the Guarantors' assets, other than (1) capital stock of the Borrower and the Guarantors, (2) assets that secure permitted furniture, fittings and equipment financings, (3) VML's subconcession agreement and (4) certain other assets.

The Macau Revolving Facility and the Macau Local Term Facility mature on May 25, 2011. The Macau Term B Delayed Draw Facility and the Macau Term B Facility mature on May 25, 2012 and 2013, respectively. The Macau Term B Delayed Draw Facility and the Macau Term B Facility are subject to nominal amortization for the first five and six years, respectively, which commenced in June 2009, with the remainder of the loans payable in four equal quarterly installments in the last year immediately preceding their maturity dates. The Macau Local Term Facility is subject to quarterly amortization in an amount of approximately US\$6.3 million per quarter, which has its first repayment made in June 2009, with the remainder of the loan payable in four equal installments in the last year immediately preceding the maturity date.

Borrowings under the Macau Credit Facility bear interest, at the Borrower's option, at either an adjusted Eurodollar rate (or, in the case of the Macau Local Term Facility, adjusted Hong Kong Inter-bank Offered Rate ("HIBOR")) or at an alternative base rate, plus a spread of 2.25% per annum or 1.25% per annum, respectively (set at 7.0%, 5.7%, 2.5%, 2.4% per annum for the Macau Local Term Facility and 8.1%, 7.1%, 2.7% and 2.6% per annum for the remainder of the Macau Credit Facility at December 31, 2006, 2007 and 2008, and at June 30, 2009, respectively), and are subject to a downward adjustment of 0.25% per annum from the beginning of the first principal payment if certain maximum leverage ratios are satisfied. The Borrower also pays a standby commitment fee of 0.5% per annum on the

undrawn amounts under the Macau Revolving Facility. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the weighted average interest rates for the Macau Local Term Facility were 6.9%, 6.8%, 5.1% and 2.5% per annum, respectively, and the weighted average interest rates for the remainder of the Macau Credit Facility were 8.1%, 7.8%, 5.8% and 2.7% per annum, respectively.

To meet the requirements of the Macau Credit Facility, the Group entered into four separate interest rate cap agreements in September 2006, May 2007, October 2007 and September 2008 (collectively, the "Cap Agreements"—Note 19) with notional amounts of US\$1.0 billion, US\$325.0 million, US\$165.0 million and US\$160.0 million, respectively, all of which will expire on September 21, 2009. The provisions of the Cap Agreements entitle the Group to receive from the counterparties the amounts, if any, by which the selected market interest rates exceed the strike rate of 6.75% as stated in such agreements. There was no net effect on interest expense as a result of the Cap Agreements for the years ended December 31, 2006, 2007 and 2008, and for the six months ended June 30, 2008 and 2009. On September 24, 2009, the Group entered into a new interest rate cap agreement with a notional amount of US\$1,585.0 million. This new interest rate cap agreement was effective on September 21, 2009 and will expire on September 21, 2012. The provisions of this interest rate cap agreement entitle the Group to receive from the counterparty the amounts, if any, by which the selected market interest rates exceed the strike rate of 9.5% as stated in such agreement.

The Macau Credit Facility contains affirmative and negative covenants customary for such financings, including, but not limited to, limitations on incurring additional liens, incurring additional indebtedness, making certain investments, paying dividends and making other restricted payments, and acquiring and selling assets. The Macau Credit Facility also requires the Borrower and the Guarantors to comply with financial covenants, including, but not limited to, generating a minimum Consolidated Adjusted EBITDA (as defined under the Macau Credit Facility, in which EBITDA refers to earnings before interest, taxes, depreciation and amortization) for a period of time and, thereafter, ratios of Consolidated Adjusted EBITDA to interest expense and total indebtedness to Consolidated Adjusted EBITDA, as well as maximum annual capital expenditures. The Macau Credit Facility also contains events of default customary for such financings and also sets forth several events relating to the Ultimate Parent Company and Mr. Sheldon Adelson's ownership in the Ultimate Parent Company, which would constitute an event of default. These events, if not cured or waived, could trigger a cross default in the ferry financing facility (see (b) below) and result in the acceleration of those and other outstanding debt obligation and the enforcement of security and guarantees given in respect of such obligations.

The Macau Credit Facility was subsequently amended on August 12, 2009 (see Note 35(a)).

- (b) In January 2008, in order to finance the purchase of ten ferries, which were respectively owned by ten ferry owning companies that are subsidiaries within the Group, Cotai Ferry Company Limited ("CFCL"), a subsidiary within the Group, entered into a HK\$1.2 billion (approximately US\$156.0 million at exchange rates in effect on June 30, 2009) secured credit facility, which is available for borrowing for up to 18 months after closing. The proceeds from the secured credit facility were used to finance the construction of ferries. The facility is collateralized by the ferries and is guaranteed by VML. The facility matures in January 2018 and is subject to 34 quarterly payments commencing at the end of the 18-month availability period.

In July 2008, CFCL exercised the accordion option on the secured credit facility agreement that financed the ferry companies' original ten ferries and executed a supplement to the secured credit facility agreement. The supplement increased the secured credit facility by an additional HK\$561.6 million (approximately US\$72.5 million at exchange rates in effect on June 30, 2009) of which CFCL has drawn HK\$485.0 million and HK\$561.6 million as of December 31, 2008 and June 30, 2009, respectively (approximately US\$62.6 million and US\$72.5 million at exchange rates in effect on December 31, 2008 and June 30, 2009, respectively). The proceeds from this supplemental facility are being used to finance the

IN THE SUPREME COURT OF THE STATE OF NEVADA

Electronically Filed  
Nov 03 2015 08:49 a.m.  
Tracie K. Lindeman  
Clerk of Supreme Court

VENETIAN MACAU LTD., a Macau  
corporation,

Petitioner,

vs.

CLARK COUNTY DISTRICT COURT, THE  
HONORABLE MARK R. DENTON,  
DISTRICT JUDGE, DEPT. 13,

Respondents,

and

STEVEN C. JACOBS,

Real Party in Interest.

Case Number:

District Court Case Number  
A627691-B

**APPENDIX TO PETITION  
FOR WRIT OF  
PROHIBITION OR  
MANDAMUS RE ORDER  
STRIKING VENETIAN  
MACAU LTD'S  
PEREMPTORY  
CHALLENGE**

**Volume I of V  
(PA1 – 250)**

CARBAJAL & MCNUTT  
Daniel R. McNutt, Bar No. 7815  
Matthew C. Wolf, Bar No. 10801  
625 South Eighth Street  
Las Vegas, NV 89101

Attorneys for Petitioner



## **CERTIFICATE OF SERVICE**

Pursuant to Nev. R. App. P. 25, I certify that I am an employee of CARBAJAL & MCNUTT; that, in accordance therewith, I caused a copy of the **APPENDIX TO PETITION FOR WRIT OF PROHIBITION OR MANDAMUS RE ORDER STRIKING VENETIAN MACAU LTD'S PEREMPTORY CHALLENGE** to be hand delivered, in a sealed envelope, on the date and to the addressee(s) shown below:

Judge Mark R. Denton  
Eighth Judicial District Court of  
Clark County, Nevada  
Regional Justice Center  
200 Lewis Avenue  
Las Vegas, Nevada 89155

### **Respondent**

James J. Pisanelli  
Todd L. Bice  
Debra Spinelli  
Pisanelli Bice  
PISANELLI BICE PLLC  
400 South 7th Street  
Las Vegas, NV 89101

**Attorneys for Steven C. Jacobs, Real Party in Interest**

DATED this 2nd day of November, 2015.

By: /s/Lisa Heller

**PETITION FOR WRIT OF PROHIBITION OR  
MANDAMUS RE ORDER STRIKING VENETIAN MACAU LTD'S  
PEREMPTORY CHALLENGE**

**CHRONOLOGICAL INDEX**

<b>Date</b>	<b>Description</b>	<b>Vol. #</b>	<b>Page Nos.</b>
12/22/2010	Defendant Las Vegas Sands Corp.'s Motion to Dismiss	I	PA1 – 45
12/22/2010	Defendant Sands China Ltd.'s Motion to Dismiss	I, II, and III	PA46 – 570
02/09/2011	Plaintiff's Opposition to Las Vegas Sands Corp.'s Motion to Dismiss	III	PA571 – 723
03/15/2011	Transcript: Hearing on Defendants' Motions to Dismiss	III	PA724 – 33
05/27/2015	Order Setting Civil Jury Trial	III	PA734 – 40
06/02/2015	Plaintiff Steven C. Jacobs' Motion for Leave to File a Fourth Amended Complaint on OST	III and IV	PA741 – 68
06/12/2015	Amended Order Setting Civil Jury Trial	IV	PA769 – 76
06/18/2015	Court Minutes Plaintiff's Motion for Leave to File Fourth Amended Complaint	IV	PA777 – 78
06/18/2015	Transcript: Hearing on Plaintiff's Motion to Amend Complaint	IV	PA779 – 90
06/22/2015	Fourth Amended Complaint	IV	PA791 – 811
07/09/2015	Notice of NRCP 30(b)(6) Videotaped Deposition of Las Vegas Sands Corp.	IV	PA812 – 23
07/17/2015	Second Amended Order Setting Civil Jury Trial	IV	PA824 – 32
09/15/2015	Plaintiff's Renewed Motion for Leave to File a Fifth Amended Complaint on OST	IV	PA833 – 61
09/17/2015	Defendants' Opposition to Plaintiff's Motion for Leave to File a Fifth Amended Complaint on OST	IV	PA862 – 916

<b>Date</b>	<b>Description</b>	<b>Vol. #</b>	<b>Page Nos.</b>
09/18/2015	Transcript: Hearing on Plaintiff's Renewed Motion to File Fifth Amended Complaint	IV	PA917 – 27
09/18/2015	Court Minutes Plaintiff's Renewed Motion for Leave to File Fifth Amended Complaint on OST	IV	PA928 – 29
09/18/2015	Fifth Amended Complaint	IV	PA930 – 950
09/22/2015	Notice of Entry of Order Granting Sands China Ltd.'s Motion to Confirm that No Response to Plaintiff's Fourth Amended Complaint is Due Until NSC Acts on the Jurisdictional Writ	IV	PA950A-50D
10/16/2015	Peremptory Challenge of Judge	IV	PA951 – 53
10/16/2015	Notice of Department Reassignment	IV	PA954 – 955
10/19/2015	Plaintiff's Emergency Motion to Strike Unlawful Peremptory Challenge of Judge on OST	IV and V	PA956 - 1073
10/19/2015	Venetian Macau Ltd.'s Motion to Quash Service of Summons	V	PA1074 – 86
10/21/2015	Venetian Macau Ltd.'s Motion to Dismiss the First, Second, and Third Causes of Action in Plaintiff's Fifth Amended Complaint	V	PA1087 – 1126
10/23/2015	Venetian Macau Ltd.'s Lawful Opposition to Plaintiff's Ex Parte Motion to Strike its Rule 48.1 Peremptory Challenge	V	PA1127 – 34
10/23/2015	Plaintiff's Reply in Support of Motion to Strike Unlawful Peremptory Challenge of Judge	V	PA1135 - 39
10/26/2015	Transcript: Hearing Plaintiff's Emergency Motion to Strike Unlawful Peremptory Challenge of Judge on OST	V	PA1140 - 56

<b>Date</b>	<b>Description</b>	<b>Vol. #</b>	<b>Page Nos.</b>
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**PETITION FOR WRIT OF PROHIBITION OR  
MANDAMUS RE ORDER STRIKING VENETIAN MACAU LTD'S  
PEREMPTORY CHALLENGE**

**ALPHABETICAL INDEX**

<b>Date</b>	<b>Description</b>	<b>Vol. #</b>	<b>Page Nos.</b>
06/12/2015	Amended Order Setting Civil Jury Trial	IV	PA769 – 76
06/18/2015	Court Minutes Plaintiff's Motion for Leave to File Fourth Amended Complaint	IV	PA777 – 78
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12/22/2010	Defendant Las Vegas Sands Corp.'s Motion to Dismiss	I	PA1 – 45
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09/17/2015	Defendants' Opposition to Plaintiff's Motion for Leave to File a Fifth Amended Complaint on OST	IV	PA862 – 916
09/18/2015	Fifth Amended Complaint	IV	PA930 – 950
06/22/2015	Fourth Amended Complaint	IV	PA791 – 811
10/16/2015	Notice of Department Reassignment	IV	PA954 – 955

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05/27/2015	Order Setting Civil Jury Trial	III	PA734 – 40
10/27/2015	Order Striking Peremptory Challenge of Judge	V	PA1157 - 58
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09/18/2015	Transcript: Hearing on Plaintiff's Renewed Motion to File Fifth Amended Complaint	IV	PA917 – 27

<b>Date</b>	<b>Description</b>	<b>Vol. #</b>	<b>Page Nos.</b>
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10/21/2015	Venetian Macau Ltd.'s Motion to Dismiss the First, Second, and Third Causes of Action in Plaintiff's Fifth Amended Complaint	V	PA1087 – 1126
10/19/2015	Venetian Macau Ltd.'s Motion to Quash Service of Summons	V	PA1074 – 86

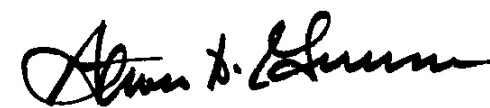
Holland & Hart LLP  
3800 Howard Hughes Parkway, Tenth Floor  
Las Vegas, Nevada 89169  
Phone: (702) 669-4600 ♦ Fax: (702) 669-4650

**MSDM**

J. Stephen Peek, Esq.  
Nevada Bar No. 1759  
Justin C. Jones, Esq.  
Nevada Bar No. 8519  
HOLLAND & HART LLP  
3800 Howard Hughes Parkway, 10th Floor  
Las Vegas, Nevada 89169  
(702) 669-4600  
(702) 669-4650 – fax  
[speek@hollandhart.com](mailto:speek@hollandhart.com)  
[jcjones@hollandhart.com](mailto:jcjones@hollandhart.com)

*Attorneys for Defendant Las Vegas Sands Corp.*

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12/22/2010 03:41:32 PM



CLERK OF THE COURT

**DISTRICT COURT**

**CLARK COUNTY, NEVADA**

STEVEN C. JACOBS,

Plaintiff,

v.

LAS VEGAS SANDS CORP., a Nevada  
corporation; SANDS CHINA LTD., a Cayman  
Islands corporation; DOES I-X; and ROE  
CORPORATIONS I-X,

Defendants.

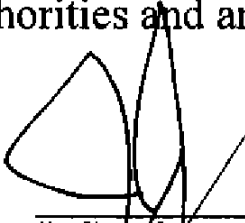
CASE NO.: A627691-C  
DEPT NO.: XXV

Date:  
Time:

**LAS VEGAS SANDS CORP.'S MOTION  
TO DISMISS PURSUANT TO NRCP  
12(B)(6) AND 19 FOR FAILURE TO JOIN  
AN INDISPENSIBLE PARTY**

Defendant Las Vegas Sands Corp. ("LVSC"), by and through its undersigned counsel,  
the law firm of Holland & Hart LLP, hereby moves this Court to dismiss this case for failure to  
join an indispensable party pursuant to NRCP 12(b)(6) and 19. This Motion based on the  
following Memorandum of Points and Authorities and any oral argument the Court may allow.

DATED December 22, 2010.



J. Stephen Peek, Esq.  
Justin C. Jones, Esq.  
Brian G. Anderson, Esq.  
Holland & Hart LLP  
3800 Howard Hughes Parkway, 10th Floor  
Las Vegas, Nevada 89169

*Attorneys for Defendant Las Vegas Sands Corp.*

Holland & Hart LLP  
3800 Howard Hughes Parkway, Tenth Floor  
Las Vegas, Nevada 89169  
Phone: (702) 669-4600 ♦ Fax: (702) 669-4650

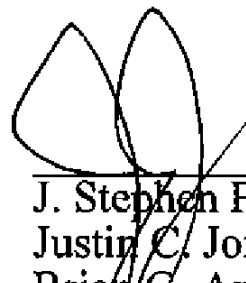
**NOTICE OF MOTION**

TO: ALL INTERESTED PARTIES; and

TO: COUNSEL OF RECORD

PLEASE TAKE NOTICE that Defendant LAS VEGAS SANDS CORP. will bring the above and foregoing **LAS VEGAS SANDS CORP.'S MOTION TO DISMISS PURSUANT TO NRCP 12(B)(6) AND 19 FOR FAILURE TO JOIN AN INDISPENSIBLE PARTY** for hearing on the 1 day of Feb ., 2011, at 9 : 0 0 a.m./~~p.m.~~<sup>X I</sup> in Department ~~XXV~~ of the above entitled Court.

DATED December 22, 2010.

  
\_\_\_\_\_  
J. Stephen Peek, Esq.  
Justin C. Jones, Esq.  
Brian G. Anderson, Esq.  
Holland & Hart LLP  
3800 Howard Hughes Parkway, 10th Floor  
Las Vegas, Nevada 89169

*Attorneys for Defendant Las Vegas Sands Corp.*

**MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION TO  
DISMISS PURSUANT TO NRCP 12(B)(6) AND 19**

**I.**

**INTRODUCTION**

This is an action brought by an alleged "resident" of Georgia, also alleging to be a "citizen" of Florida, who was terminated by his Macau, China<sup>1</sup> employer, in Macau. Plaintiff, a disgruntled former executive, was terminated by his employer, Venetian Macau Limited ("VML"). Plaintiff signed two separate employment agreements with Sands China Ltd.'s ("Sands China") subsidiary, VML, received his paychecks and bonuses through VML, and his benefits package was structured through his employment with VML. Now, after being terminated by VML, Plaintiff brings an action for wrongful termination not against his employer, VML, but against Las Vegas Sands Corp. ("LVSC"), a company with which he has no employment contract. Plaintiff bases his claim against LVSC upon a "Term Sheet" which, at

<sup>1</sup> Macau is a Special Administrative Region of the People's Republic of China.



1 best, evidences a relationship not with LVSC, but rather with VML. Plaintiff's suit against  
2 LVSC rather than VML is a strategic and calculated effort to mislead this Court in a desperate  
3 attempt to litigate in the United States against a U.S. entity, namely LVSC. Plaintiff should  
4 instead proceed 1) against the proper party which employed him, VML, and 2) in the proper  
5 forum in Macau, the place where Plaintiff lived,<sup>2</sup> worked, accepted significant compensation,  
6 executed relevant documents with Macau as the selected forum to resolve disputes, and engaged  
7 in the improper acts culminating in his termination.

8 Based upon the written employment agreements between Plaintiff and VML, there is no  
9 question that VML is both a necessary and indispensable party to this action. This action cannot  
10 in equity and good conscience proceed without the joinder of VML as an indispensable party.  
11 Accordingly, pursuant to the relevant considerations under Rule 19 of the Nevada Rules of Civil  
12 Procedure, the Court should dismiss this case based on Plaintiff's failure to join VML, an  
13 indispensable party to this action.

## 14 II.

### 15 STATEMENT OF FACTS

16 In or about May 2009, Plaintiff was asked to perform certain work for Venetian Macau  
17 Limited ("VML"). In connection with this work, Plaintiff executed an Agreement for Services  
18 with VML. See Affidavit of Cheong, Kuok Kuan Paolo, attached hereto as **Exhibit "A"** and  
19 paragraph 18 of Plaintiff's Complaint. A true and correct copy of the Agreement for Services is  
20 attached hereto as **Exhibit "B"**. Pursuant to the terms of the Agreement for Services, Plaintiff  
21 contracted to perform work for the benefit of VML on "senior management issues" relating to  
22 VML's "business of developing, designing, constructing, equipping, staffing, owning and  
23 operating legalized casino(s) in Macau SAR." *Id.* The Agreement for Services permitted VML  
24 to terminate the Agreement "without cause, upon the giving of one (1) week advance notice to  
25 the Consultant. . . ." *Id.* The Agreement for Services states that "[t]he parties agree to the  
26 exclusive jurisdiction of the courts of Macau (SAR) for any legal proceedings related to this

27  
28 <sup>2</sup> Jacobs maintained a second residence in Hong Kong, another Special Administrative Region of the People's Republic of China, which is located within an hour of Macau.

1 Agreement” and, further, that the “Agreement shall be governed by and interpreted in  
2 accordance with the laws of Macau (SAR).” *Id.* LVSC is not a party to the Agreement for  
3 Services. *Id.*

4 On or about June 16, 2009, VML offered Plaintiff employment in the position of  
5 President – Macau. A true and correct copy of the Letter of Appointment for Executive dated  
6 June 16, 2009 (“Appointment Agreement”) is attached hereto and incorporated herewith as  
7 **Exhibit “C”**. Plaintiff accepted VML’s employment offer and executed the Appointment  
8 Agreement pursuant to the terms thereof. *See id.* at 3. The term of the Appointment Agreement  
9 was “two years provided however, that both parties may terminate this Agreement at any time,  
10 without cause, upon the giving not less than three (3) days advance notice to the other party.” *Id.*  
11 at ¶ 17. Pursuant to the Appointment Agreement, VML was to pay Plaintiff a base salary paid  
12 monthly and equivalent to \$1,300,000.00 USD per annum, with salary to be reviewed annually,  
13 as well as company benefits. *Id.* Similar to the Agreement for Services, the Appointment  
14 Agreement states, “this agreement is governed by and interpreted in accordance with Macau  
15 SAR law, and the courts of Macau SAR shall have exclusive jurisdiction over any legal  
16 proceedings related to this agreement.” *Id.* at ¶ 14. LVSC is not a party to the Appointment  
17 Agreement. *Id.*

18 Upon executing the Appointment Agreement, Plaintiff became employed by VML in the  
19 position of President – Macau. In accordance with the terms of the Appointment Agreement,  
20 VML paid Plaintiff his monthly salary until his employment was terminated. *See* Exhibit A.  
21 True and correct copies of certain of Plaintiff’s direct deposit records are attached hereto as  
22 **Exhibit “D”**. VML also provided Plaintiff with medical, dental, retirement and other company  
23 benefits in accordance with the Appointment Agreement. *See* Cheong Affidavit, Ex. A.

24 Subsequent to the execution of the Appointment Agreement, a term sheet was drafted  
25 regarding Plaintiff’s appointment as “President and CEO Macau, listed company (ListCo).”<sup>3</sup> A  
26 term sheet was drafted that reflected the parties’ discussions. A true and correct copy of the

27  
28 <sup>3</sup> See paragraphs 21 and 25 of Plaintiff’s Complaint. Interestingly, Plaintiff conveniently leaves off the portion of  
the term sheet that recites “listed company”.

1 Offer Terms and Conditions (“Term Sheet”) is attached hereto as **Exhibit “E”**. The Term Sheet  
2 specifies a salary of \$1,300,000.00 USD per annum, the very same salary identified in the  
3 Appointment Agreement. *Id.*; *see also* Appointment Agreement, Exhibit B. LVSC is not a party  
4 to the Term Sheet. *Id.*

5 At no time was Plaintiff paid a salary by LVSC pursuant to the Term Sheet. *See*  
6 Affidavit of Darlene Dushan, attached hereto as **Exhibit “F”**. At no time did Plaintiff received  
7 company health, retirement, or other benefits from LVSC. *Id.*

8 Effective July 23, 2010, Plaintiff’s employment with VML was terminated. The  
9 termination was further memorialized by an August 5, 2010 letter from VML which stated that  
10 **“VENETIAN MACAU LIMITED, in the capacity of employer . . . does hereby terminate**  
11 **with cause . . . the employment contract dated June 16, 2009 between Venetian Macau Limited**  
12 **and you.”** A true and correct copy of the August 5, 2010 Notification of Termination is attached  
13 hereto as **Exhibit “G.”**

### 14 III.

### 15 LEGAL ANALYSIS

#### 16 A. *Legal Standard*

17 Nevada Rule of Civil Procedure 12(b)(6) permits a party to move to dismiss for “failure  
18 to join a party under NRCP 19.” A motion to dismiss pursuant to NRCP 12(b)(6) “demands a  
19 fact specific and practical inquiry,” and as a result, its determination, unlike ordinary motions to  
20 dismiss, is not limited to the pleadings. *Makah Indian Tribe v. Verity*, 910 F.2d 555, 558 (9th  
21 Cir. 1990).<sup>4</sup> In addressing a motion to dismiss pursuant to NRCP 12(b)(6), a court must  
22 determine if the party in question is one that should be joined under NRCP 19(a)(1), and if so,  
23 whether the joinder is feasible under NRCP 19(a)(2). As further detailed herein, the allegations  
24 contained in Plaintiff’s Complaint, the law with respect to NRCP 19, and the evidence in support  
25 of this Motion dictate that this action must be dismissed, as VML, Plaintiff’s employer during  
26

27 <sup>4</sup> Federal Rule of Civil Procedure 19(a) is virtually identical to NRCP 19(a). *See Blaine Equip. Co. v. State*, 122  
28 Nev. 860, 865 (2006); Fed. R. Civ. P. 19(a). As a result, Nevada courts “have previously recognized that federal  
decisions involving the Federal Rules of Civil Procedure provide persuasive authority when this court examines its  
rules.” *Blaine*, 122 Nev. at 865.

1 the relevant time period, is a necessary and indispensable party.

2 **B. As Plaintiff's Employer, VML Is Both a Necessary and Indispensible Party.**

3 Nevada law "require[s] that all persons materially interested in the subject matter of the  
4 suit be made parties so that there is a complete decree to bind them all. If the interest of absent  
5 parties may be affected or bound by the decree, they must be brought before the court or it will  
6 not proceed to decree." See *Gladys Baker Olsen Family Trust v. Eighth Judicial Dist. Court*,  
7 110 Nev. 548, 874 P.2d 778 (1994) (citing *Robinson v. Kind*, 23 Nev. 330, 47 P. 977 (1897)).  
8 Rule 19(a) provides that a party should be joined where:

9 (1) in the person's absence complete relief cannot be accorded among those  
10 already parties, or

11 (2) the person claims an interest relating to the subject of the action and is  
12 so situated that the disposition of the action in the person's absence may (i)  
13 as a practical matter impair or impede the person's ability to protect that  
14 interest or (ii) leave any of the persons already parties subject to a  
15 substantial risk of incurring double, multiple, or otherwise inconsistent  
16 obligations by reason of the claimed interest.

17 NRCP 19(a). A primary objective of this rule is "to have a final and complete determination of  
18 the controversy, not to determine issues piecemeal. . . ." *University of Nev. v. Tarkanian*, 95  
19 Nev. 389, 594 P.2d 1159 (1979), *rev'd on other grounds*, 488 U.S. 179 (1988).

20 The rule also "protects the interest of the courts themselves in the efficacy and integrity  
21 of their own proceedings, as well as the interests of the parties." *Id.* Thus, "[i]f there are other  
22 persons, not parties, whose rights must be ascertained and settled before the rights of the parties  
23 to the suit can be determined, the statute is peremptory; the court must cause such persons to be  
24 brought in . . ." *Id.* Finally, a joint tortfeasor will be considered a necessary party when the  
25 absent party "emerges as an active participant" in the allegations made in the complaint that are  
26 "critical to the disposition of the important issues in the litigation." *Laker Airways, Inc. v.*  
27 *British Airways, PLC*, 182 F.3d 843, 848 (11th Cir. 1999).

28 Here, there is no question that adjudication of Plaintiff's claims requires joinder of VML,  
Jacobs' actual employer. VML, as Plaintiff's employer, is a party materially interested in the  
subject matter of the suit and it may be affected or bound by the decree. *Gladys Baker Olsen*  
*Family Trust, supra*. It is as well a party "whose rights must be ascertained and settled before

1 the rights of the parties to the suit can be determined.” *Tarkanian, supra*. The principles  
2 outlined in *University of Nev. v. Tarkanian*, 95 Nev. 389, 594 P.2d 1159 (1979), are instructive  
3 in this regard. In *Tarkanian*, the plaintiff, a basketball coach, sued the University of Nevada Las  
4 Vegas (“UNLV”) seeking an injunction restraining enforcement by UNLV of NCAA-imposed  
5 sanctions against him. *See Tarkanian*, 95 Nev. at 394. The court held that the NCAA was a  
6 necessary party under Rule 19(a) because “either the university would be affected, or the  
7 NCAA’s ability to protect its interest would be impaired, and in either case further litigation of  
8 the controversy would be likely.” *Id.* at 396. Additionally, the court concluded that Mr.  
9 Tarkanian’s “fundamental claim in this case is that he was denied his constitutional right to due  
10 process of the law” and, because the controversy “involves the NCAA directly,” the suit could  
11 not be “completely and justly determined in its absence.” *Id.* at 397.

12 Like the NCAA in *Tarkanian*, the missing party in this controversy, VML, must be  
13 joined to effectuate a complete and just resolution of this dispute. It is clear from both the  
14 allegations stated in the Complaint, and the evidence presented herein, that VML is an integral  
15 participant in the alleged events that give rise to Plaintiff’s suit. VML was the employer of  
16 Jacobs and, based on facts known to it, VML terminated Plaintiff for cause. In addition, venue  
17 and jurisdiction in Macau were agreed to by Plaintiff in the Agreement for Services and  
18 Appointment Agreement. Indeed, Plaintiff’s Complaint is based entirely upon allegations that  
19 relate to his written employment relationship with VML. As described above, Plaintiff entered  
20 into two separate employment agreements with VML – the Agreement for Services and  
21 Appointment Agreement. *See Ex’s. A, B, C.* Following execution of the Appointment  
22 Agreement, Plaintiff received his salary from VML in accordance with the terms of the  
23 Appointment Agreement. *See Ex’s. A, D.* Likewise, Plaintiff received his health benefits  
24 through his employer, VML. *See Ex. A.* By contrast, Plaintiff never had any employment  
25 contract with LVSC, was never paid any salary by LVSC, and never received any benefits  
26 through LVSC. *See Ex. F.* In light of the employment relationship with VML, and lack of any  
27 such relationship with LVSC, VML is a necessary and indispensable party to this action.

28 ///

1     ***C.     Equity and Good Conscience Demand that this Action Be Dismissed Because VML Is***  
2     ***an Indispensable Party and Has Not Been Joined in this Action.***

3             The Court must dismiss this action because VML is a necessary and indispensable party  
4     and Plaintiff has nonetheless failed to name it as a defendant in this matter. “If a necessary party  
5     is found to be unavailable, the court must decide whether in equity and good conscience the  
6     action should proceed. If the Court determines that the action in equity and good conscience  
7     cannot proceed without the necessary party, that party is ‘indispensable’ and the case must be  
8     dismissed.” *Potts v. Vokits*, 101 Nev. 90, 92 (1985). Rule 19(b) lists four factors to assist a court  
9     in determining whether the case should proceed or be dismissed. An examination of the factors  
10    in Rule 19(b) support dismissal. These factors are: (1) the extent to which a judgment rendered  
11    in the person’s absence might be prejudicial to the absent person or to existing parties; (2) the  
12    extent to which, by protective provisions in judgment, by shaping the relief, or other measures,  
13    the prejudice can be lessened or avoided; (3) whether a judgment rendered in the person’s  
14    absence is adequate; and (4) whether the plaintiff will have an adequate remedy if the action is  
15    dismissed for nonjoinder. These factors “are not to be applied in any mechanical way” but  
16    determined in a “practical and pragmatic but equitable manner.” *Francis Oil & Gas, Inc. v.*  
17    *Exxon, Corp.*, 661 F.2d 873, 878 (10th Cir. 1981).

18             Applying these factors here leads to the conclusion that dismissal is certainly warranted.  
19    With regards to the first factor, LVSC will surely be prejudiced by any judgment in this action in  
20    the absence of VML, the necessary and proper party to defend its termination of Plaintiff’s  
21    employment. After all, the thrust of Plaintiff’s Complaint is for wrongful termination, and it was  
22    VML, *not* LVSC, that terminated Plaintiff. It would be a substantial injustice to LVSC to be  
23    stuck with a potentially large judgment against it when it is another entity – VML – that, if  
24    joined, would be the proper party to defend its actions in terminating Plaintiff. Furthermore,  
25    there is the potential that if VML is not joined in this proceeding, it would be the target of future,  
26    duplicative litigation. The second factor likewise compels dismissal. No prospective provisions  
27    in the judgment would lessen or avoid the prejudice to a party that cannot defend its actions in  
28    terminating Plaintiff. Similarly, no adequate judgment can be rendered against LVSC without

Holland & Hart LLP  
3800 Howard Hughes Parkway, Tenth Floor  
Las Vegas, Nevada 89169  
Phone: (702) 669-4600 ♦ Fax: (702) 669-4650

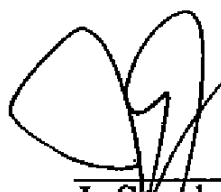
1 the opportunity for Plaintiff's employer, VML, to defend its actions in terminating Plaintiff. As  
2 for the fourth factor, Plaintiff certainly has another adequate remedy if the action is dismissed.  
3 Specifically, Plaintiff may file an action in Macau, where he worked, lived, accepted significant  
4 compensation and, most importantly, was first informed of his termination. In fact, both the  
5 Agreement for Services and the Appointment Agreement contain forum selection clauses that  
6 expressly require that all disputes be brought in the courts in Macau. *See* Ex's. B, C. Given the  
7 fact that the parties expressly agreed to litigate their disputes in Macau, it would be highly  
8 prejudicial to LVSC to ignore the parties' express agreements and allow this action to proceed in  
9 the Nevada courts. Based upon the relevant factors, LVSC is entitled to dismissal of this action  
10 with prejudice for failure to join VML as an indispensable party.

11 IV.

12 CONCLUSION

13 For the foregoing reasons, Defendant Las Vegas Sands Corp. respectfully requests that  
14 the Court grant its Motion to Dismiss for Failure to Join an Indispensible Party.

15 DATED December 22, 2010.

16   
17 J. Stephen Peek, Esq.  
18 Justin C. Jones, Esq.  
19 Brian G. Anderson, Esq.  
Holland & Hart LLP  
3800 Howard Hughes Parkway, 10th Floor  
Las Vegas, Nevada 89169

20 *Attorneys for Defendant Las Vegas Sands Corp.*

Holland & Hart LLP  
3800 Howard Hughes Parkway, Tenth Floor  
Las Vegas, Nevada 89169  
Phone: (702) 669-4600 • Fax: (702) 669-4650

**CERTIFICATE OF SERVICE**

Pursuant to Nev. R. Civ. P. 5(b), I that on December 22, 2010, I served a true and correct copy of the foregoing **LAS VEGAS SANDS CORP.'S MOTION TO DISMISS PURSUANT TO NRCP 12(B)(6) AND 19 FOR FAILURE TO JOIN AN INDISPENSIBLE PARTY** via e-mail and by depositing same in the United States mail, first class postage fully prepaid to the persons and addresses listed below:

Donald J. Campbell, Esq.  
J. Colby Williams, Esq.  
Campbell & Williams  
700 S. 7th Street  
Las Vegas, Nevada 89101  
382-5222  
382-0540 – fax  
[djc@campbellandwilliams.com](mailto:djc@campbellandwilliams.com)  
[jcw@campbellandwilliams.com](mailto:jcw@campbellandwilliams.com)

*Attorneys for Plaintiff*

Mark G. Krum, Esq.  
Andrew D. Sedlock, Esq.  
Glaser, Weil, et., al.  
3763 Howard Hughes Parkway, Suite 300  
Las Vegas, Nevada 89169  
650-7900  
650-7950 – fax  
[mkrum@glawerweil.com](mailto:mkrum@glawerweil.com)  
[asedlock@glaserweil.com](mailto:asedlock@glaserweil.com)

*Attorneys for Defendant Sands China Ltd.*

  
An Employee of Holland & Hart LLP



**Dineen Bergsing**

---


**From:** Dineen Bergsing  
**Sent:** Wednesday, December 22, 2010 4:00 PM  
**To:** Donald Campbell; 'jcw@campbellandwilliams.com'; 'mkrum@glaserweil.com';  
'asedlock@glaserweil.com'  
**Subject:** LV Sands/Jacobs - LV Sands' Motion to Dismiss Pursuant to NRCP 12(B)(6) and 19 for  
Failure to Join an Indispensible Party  
**Attachments:** Las Vegas Ikon - 12-22-10 - 8RC97NS.pdf

Please see attached LV Sands' Motion to Dismiss Pursuant to NRCP 12(B)(6) and 19 for Failure to Join an Indispensible Party. A copy to follow by mail.

Thank you.

**Dineen M. Bergsing**

*Legal Assistant to J. Stephen Peek,  
Justin C. Jones and David J. Freeman*  
Holland & Hart LLP  
3800 Howard Hughes Parkway, 10th Floor  
Las Vegas, Nevada 89169  
(702) 669-4600 - Main  
(702) 222-2521 - Direct  
(702) 669-4650 - Fax  
[dbergsing@hollandhart.com](mailto:dbergsing@hollandhart.com)

**HOLLAND & HART** 

**CONFIDENTIALITY NOTICE:** This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.

12/22/2010

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# **EXHIBIT A**

**AFFIDAVIT OF CHEONG, Kuok Kuan Paulo**

I, CHEONG, Kuok Kuan Paulo, having been duly sworn, deposes and states as follows:

1. I am over the age of eighteen and have personal knowledge of the matters stated herein except those stated upon information and belief and I am competent to testify thereto.

2. I am Associate Director for Human Resources for Venetian Macau Limited ("VML").

3. In or about May 2009, Plaintiff Steven Jacobs ("Plaintiff") was asked to perform certain consulting work for VML.

4. In connection with his consulting work, Plaintiff executed an Agreement for Services with VML. A true and correct copy of the Agreement for Services is attached to Las Vegas Sands Corp.'s Motion to Dismiss Pursuant To NRCP 12(B)(6) and 19 for Failure to Join an Indispensible Party (the "Motion") as Exhibit B.

5. Pursuant to the terms of the Agreement for Services, Plaintiff contracted to perform work for the benefit of VML on "senior management issues" relating to VML's "business of developing, designing, constructing, equipping, staffing, owning and operating legalized casino(s) in Macau SAR." *Id.*

6. The Agreement for Services permitted VML to terminate the Agreement "without cause, upon the giving of one (1) week advance notice to the Consultant. . . ." *Id.*

7. The Agreement for Services states that "[t]he parties agree to the exclusive jurisdiction of the courts of Macau (SAR) for any legal proceedings related to this Agreement" and, further, that the "Agreement shall be governed by and interpreted in accordance with the laws of Macau (SAR)." *Id.*

8. LVS is not a party to the Agreement for Services. *Id.*

9. On or about June 16, 2009, VML offered Plaintiff employment in the position of President – Macau. A true and correct copy of the Letter of Appointment for Executive dated June 16, 2009 ("Appointment Agreement") is attached to the Motion as Exhibit C.

10. Plaintiff accepted VML's employment offer and executed the Appointment

1 Agreement pursuant to the terms thereof. *See* Ex. C at p. 3.

2 11. The term of the Appointment Agreement was “two years provided however, that  
3 both parties may terminate this Agreement at any time, without cause, upon the giving not less  
4 than three (3) days advance notice to the other party.” *Id.* at ¶ 17.

5 12. Pursuant to the Appointment Agreement, VML was to pay Plaintiff a base salary  
6 paid monthly and equivalent to \$1,300,000.00 USD per annum, with salary to be reviewed  
7 annually, as well as company benefits. *Id.*

8 13. Similar to the Agreement for Services, the Appointment Agreement states, “this  
9 agreement is governed by and interpreted in accordance with Macau SAR law, and the courts of  
10 Macau SAR shall have exclusive jurisdiction over any legal proceedings related to this  
11 agreement.” *Id.* at ¶ 14.

12 14. LVS is not a party to the Appointment Agreement. *Id.*

13 15. Upon executing the Appointment Agreement, Plaintiff was employed by VML in  
14 the position of President – Macau.

15 16. In accordance with the terms of the Appointment Agreement, VML paid Plaintiff  
16 his monthly salary until his employment was terminated. True and correct copies of certain of  
17 Plaintiff’s direct deposit records are attached to the Motion as Exhibit D.

18 17. VML also provided Plaintiff with medical, dental, retirement and other company  
19 benefits in accordance with the Appointment Agreement.

20 18. Subsequent to the execution of the Appointment Agreement, a term sheet was  
21 drafted regarding Plaintiff’s appointment as “President and CEO Macau, listed company  
22 (ListCo).” A true and correct copy of the Offer Terms and Conditions (“Term Sheet”) is  
23 attached to the Motion as Exhibit E.

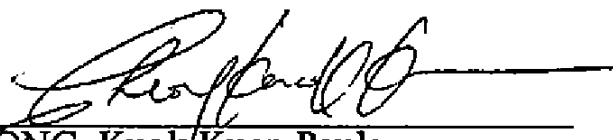
24 19. The Term Sheet specifies a salary of \$1,300,000.00 USD per annum, the very  
25 same salary identified in the Appointment Agreement. *Id.*; *see also* Appointment Agreement,  
26 Exhibit B.

27 20. LVS is not a party to the Term Sheet. *Id.*

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Las Vegas, Nevada 89169  
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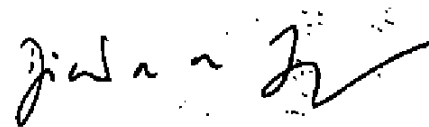
21. Effective July 23, 2010, Plaintiffs' employment was terminated. The termination was further memorialized by an August 5, 2010 letter from VML which stated that "VENETIAN MACAU LIMITED, in the capacity of employer...does hereby terminate with cause...the employment contract dated June 16, 2009 between Venetian Macau Limited and you." A true and correct copy of the August 5, 2010 Notification of Termination is attached to the Motion as Exhibit G.

DATED this 21 of December, 2010.

  
CHEONG, Kuok Kuan Paulo

CARTÓRIO DO NOTÁRIO PRIVADO  
DIAMANTINO DE OLIVEIRA FERREIRA  
Reconheço a assinatura supra de CHEONG, KUOK KUAN PAULO,  
por confronto com a assinatura aposta no Bilhete de Identidade de  
Residente Permanente de Macau nº 5137570(7), emitido em  
15/10/2003, pela Direcção dos Serviços de Identificação.  
Conta nº 91 \$7,00

Macau, 21 de Dezembro de 2010  
O Notário,



---

## **EXHIBIT B**

---

**AGREEMENT FOR SERVICES**  
("Agreement")

- by and between -

**Venetian Macau Limited**  
("the Company")

- and -

**Jacobs, Steve**  
("Consultant")

---

---

## AGREEMENT FOR SERVICES

---

**THIS AGREEMENT FOR SERVICES ("Agreement") by and between Venetian Macau Limited ("the Company") and Jacobs, Steve (the "Consultant").**

**WITNESSETH:**

**WHEREAS**, the Company is a corporation duly organized and existing under the laws of Macau (SAR), and maintains its registered address at Estrada da Baía de N. Senhora da Esperança, s/n, Executive Office, The Cotai Strip™, Taipa, Macau SAR, P.R. China, and the Company is engaged in the business of developing, designing, constructing, equipping, staffing, owning and operating legalized casino(s) in Macau SAR;

**WHEREAS**, the Consultant represents and warrants to the Company that has the requisite knowledge, ability and experience to assist the Company on senior management issues.

**NOW, THEREFORE**, for and in consideration of the foregoing recitals and the mutual promises, representations, understandings, undertaking and agreements hereinafter set forth, the Company and the Consultant hereby covenant and agree as follows:

**1. CONSULTANT SCOPE OF WORK.** During the Term of this Agreement, the Company retains the Consultant to perform, and the Consultant agrees to perform on behalf of the Company, certain consulting and services for the Company's, liaise with all aspects related to senior management issues and other assignments that can be appointed by President and Chief Operating Officer of the parent company, subject to change at the Company's discretion.

**2. COMPENSATION TO CONSULTANT.** For and in complete consideration of the Consultant's full and faithful observance of all of the Consultant's duties under this Agreement, the Company shall pay to the Consultant, and the Consultant shall accept from the Company the professional fee of MOP 28,614.25 per day. The Company will withhold the relevant tax according to the Macau Tax Laws. The Company shall reimbursement of all out of pocket expenses incurred by the consultant and approved by the company.

**3. TERM.** This Agreement shall commence on May 1st, 2009 and shall continue in full force and effect until the Consultant's Services are completed; provided however, the Company may terminate this Agreement at any time, without cause, upon the giving of one (1) week advance notice to the Consultant, by letter or telephone or e-mail. The Consultant will not be allowed to work more than 45 working days in Macau during the period of 6 months.

The Company may opt to hire the Consultant as an employee after termination of the present agreement.

**4. INDEPENDENT CONSULTANT.** The Company and the Consultant hereby covenant and agree that the Consultant shall furnish the Consultant's Services pursuant to this Agreement solely as an independent Consultant and not as an employee or agent of the Company; it is specifically agreed that the Consultant and the Company shall not be deemed to have a relationship other than as an independent Consultant. The Consultant shall have no power or authority to bind the Company to any contract or agreement. All purchase orders and supply contracts shall be executed directly between the Company and the third party vendor.

**5. BUSINESS CONDUCT.** The Consultant acknowledges that the Company's policy is to conduct its business pursuant to high ethical standards. The Consultant agrees that during the performance of the Consultant's Services it shall at all times comply with high standards of professional and ethical business conduct.



6. **CONFIDENTIALITY AND OWNERSHIP OF WORKS.** The Consultant agrees that neither it nor any of its employees, either during or after this Agreement, shall disclose or communicate to any third party any information about the Company's policies, prices, systems, methods of operation, contractual agreements or other proprietary matters concerning the Company's business or affairs, except to the extent necessary in the ordinary course of performing the Consultant's Services. Upon termination of this Agreement for any reason, all papers and documents in the Consultant's possession or under its control belonging to the Company, must be returned to the Company.

7. **ASSIGNMENT.** Neither this Agreement nor any rights or obligations hereunder may be assigned, delegated, or otherwise transferred by the Consultant in whole or in part without the prior written consent of the Company, which consent may be unreasonably withheld, nor shall this Agreement inure to the benefit of any trustee in bankruptcy, receiver, or other successor of the Consultant whether by operation of law or otherwise without such consent. Any attempts so to assign, delegate, or transfer this Agreement or any rights or obligations hereunder without such consent shall be null and void and of no force and effect.

8. **WAIVER.** The Company's failure to enforce or delay in enforcement of any provision hereof or any right hereunder shall not be construed as a waiver of such provision or right. The Company's exercise of any right hereunder shall not preclude or prejudice the exercise thereafter of the same or any other right.

9. **SEVERABILITY.** If any term, provision, covenant, or condition of this Agreement, or any application thereof, should be held by a court of competent jurisdiction to be invalid, void, or unenforceable, all provisions, covenants and conditions of this Agreement, and all applications thereof, not held invalid, void, or unenforceable, shall continue in full force and effect and shall in no way be affected, impaired, or invalidated thereby.

10. **GOVERNING LAW & MISCELLANEOUS PROVISIONS.**

(a) This Agreement is the complete, entire, and exclusive statement of the contract terms between the parties.

(b) This Agreement supersedes any prior understandings, agreements or undertakings between the parties.

(c) This Agreement shall be governed by and interpreted in accordance with the laws of Macau (SAR).

(d) The parties agree to the exclusive jurisdiction of the courts of Macau (SAR) for any legal proceedings related to this Agreement.

(e) The parties agree that the controlling language of this Agreement shall be English. Each party fully understands this Agreement as written in the controlling language of English. If required by the courts of Macau (SAR), the parties agree that the Company may at its option obtain either a Portuguese or Chinese translation of this Agreement.

(f) Each party warrants that it has full power and authority to execute and deliver this Agreement.

(g) No modification of or addition or amendment to this Agreement shall be binding unless agreed to in writing and signed by both the parties.

(h) The Consultant agrees to comply with all laws of Macau.

**IN WITNESS WHEREOF**, the Company and the Consultant have caused this Agreement to be executed and delivered as of the date and year first above written.

VENETIAN MACAU LIMITED

DATED: \_\_\_\_\_, 2009

By: \_\_\_\_\_

CONSULTANT

DATED: \_\_\_\_\_, 2009

By: \_\_\_\_\_

---

# **EXHIBIT C**



June 16, 2009

**PRIVATE & CONFIDENTIAL**

**Mr. Jacobs, Steve**  
979 Crest Valley Dr.  
Atlanta GA,  
30027  
USA

Dear Mr. Jacobs,

**LETTER OF APPOINTMENT FOR EXECUTIVE**

On behalf of Venetian Macau Limited ("the Company"), I am pleased to offer you the following position based upon the terms and conditions outlined in this letter and referenced employment materials.

1. Job Title: President – Macau
2. Department: Executive Office
3. Job Grade: A
4. Reports to: President and Chief Operating Officer, subject to change at the Company's discretion.
5. Effective Date: Upon issuance of Macau Work Permit
6. Original Date of Hire: Upon issuance of Macau Work Permit
7. Point of Hire: USA
8. Working Location: Macau SAR (in any of the properties owned by the company or any of its affiliates)
9. Employee's Marital Status: Married with one dependent
10. Major Compensation Elements:
  - (a) Base Salary: You will be paid a salary of Eight hundred Seventy thousand Three hundred and Fifty Patacas (MOP870,350.00), PER MONTH (the equivalent to one million three hundred

**Venetian Macau Limited**  
**威尼斯人澳門股份有限公司**

Usuada da Baía de Nossa Senhora da Esperança, the Venetian Macau Resort Hotel, Executive Office – L2, Taipa, Macau  
澳門望仔馬路望母灣大馬路澳門威尼斯人度假村酒店行政辦公室二樓 Tel: +853 2882 8888 Fax: +853 2882 8889 website: www.venetianmacau.com

Employee's signature: 

Page 1 of 3

thousand USD per annum). Salary will be reviewed annually in accordance with the Company's compensation policies. The Company shall reimburse you of all out of pocket expenses incurred by you and approved by the President and Chief Operating Officer.

11. Work Schedule Exemption: You are not subject to work scheduling.
12. Employment Location: Macau SAR, subject to change at the Company's discretion.
13. Gross Salary: Salary tax, as assessed by the government of Macau SAR as well as any other tax liabilities as assessed by any government will be your own responsibility.
14. Governing Law: You acknowledge that this agreement is governed by and interpreted in accordance with Macau SAR law, and the courts of Macau SAR shall have exclusive jurisdiction over any legal proceedings related to this agreement.
15. Policies and Procedures: You agree to comply with all the Company's Policies and Procedures, which may be changed from time to time at the discretion of the Company.
16. Benefits Program: You will be eligible to participate in the benefit programs of the Company on the terms and conditions as offered to your grade level. Details of the benefit programs are described in the Team Member Handbook and similar materials which will be provided to you. You agree that except for those specific benefits that are required under Macau SAR law, all other benefit programs may be changed or cancelled from time to time at the discretion of the Company.
17. Term: This agreement shall remain valid for a period of two year provided however, that both parties may terminate this Agreement at any time, without cause, upon the giving not less than three (3) days advance notice to the other party.


Note:

- (a) As a condition of employment, you must obtain a satisfactory security clearance, criminal record, by the relevant authorities.
- (b) Background checks will be conducted on all team members. The employment shall be subject to successful completion of such background checks.
- (c) If you do not hold a Macau Resident Card, this appointment is subject to your obtaining a valid work permit to work in Macau SAR. The Company will assist you in this process by providing you information and guidance; however, it is your responsibility to complete all requested

Venetian Macau Limited  
威尼斯人澳門股份有限公司

Estrada da Bufe de Nossa Senhora da Esperança, the Venetian Macau Resort Hotel, Executive Office - L2, Taipa, Macau

澳門路仔望德聖母灣大馬路澳門威尼斯人度假村酒店行政辦公室二樓 Tel: +853 2882 8888 Fax: +853 2882 8889 website: www.venetianmacao.com

Employee's signature: 

Page 2 of 3



paperwork as required by the authorities.

The Company looks forward to your acceptance of this offer and the contribution which you can make toward establishing a winning team.

Please indicate your acceptance of these employment terms and conditions by signing below and return the signed copies to Human Resources Department to the attention of Antonio Ramirez no later than July 15, 2009.

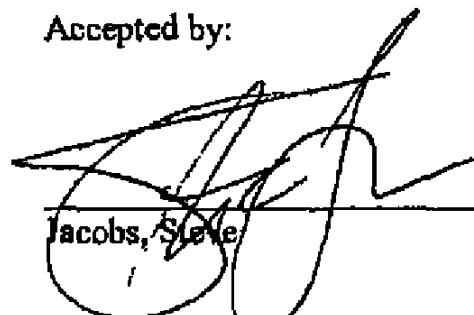
Yours Sincerely,  
For and on behalf of  
Venetian Macau Limited

  
\_\_\_\_\_  
Venetian Macau Limited

Date: \_\_\_\_\_

eSignatory\_Initials/dk

Accepted by:


  
\_\_\_\_\_  
Jacobs, Steve

Date: \_\_\_\_\_

Venetian Macau Limited  
威尼斯人澳門股份有限公司

Estada da Baía de Nossa Senhora da Esperança, the Venetian Macau Resort Hotel, Executive Office - L2, Taipa, Macau

澳門路仔受地卑印灣大馬路澳門威尼斯人度假酒店行政辦公室 樓 Tel: +853 2882 8888 Fax: +853 2882 8889 website: www.venetianmacau.com

Employee's signature: 

Page 3 of 3

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## **EXHIBIT D**

STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

PA25

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

Department # 部門編號		Employee # 僱員編號		Period Ending 結算日期		Voucher No 收據編號
205	500 5050 5050A	31020		31/08/2009		413781
Employee Name 僱員姓名				Employee Position Title 職位		
STEVEN CRAIG JACOBS				PRESIDENT - MACAU		

Earnings	Hours	Current	Year-To-Date	Deductions	Current	Year-To-Date
REGULAR PAY		870,350.01	1,740,700.02	PROFESSIONAL TAX	57,487.00	232,471.00
PAYROLL ADJUST			4,770.00-			
Gross Wages		870,350.01	1,735,930.02			
Gross Pay		870,350.01	1,735,930.02	Total Deductions	57,487.00	232,471.00
Net Pay		812,863.01	1,620,016.02			

PTO Balance 45.01 hrs. PTO Taken .00 hrs. Overtime Pay 超時支付 Salary 薪金

One period behind.

SALARY PAY FOR THE PERIOD 01-AUG-2009 THROUGH 31-AUG-2009  
OT PAY FOR THE PERIOD 20-JUL-2009 THROUGH 16-AUG-2009;PTO CUT-OFF AS AT 16-AUG



PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

Department / 部門編號		Employee / 僱員編號		Period Ending / 結算日期		Voucher No. / 收據編號	
205	500 5050 5050A	31020		30/09/2009		419574	
Employee Name / 僱員姓名				Employee Position Title / 僱員職位			
STEVEN CRAIG JACOBS				PRESIDENT - MACAU			

Earnings / 應得		Hours / 小時	Current / 結算	Year To Date / 年內總計	Deductions / 減額	Current / 結算	Year To Date / 年內總計
REGULAR PAY			870,350.01	2,611,050.03	PROFESSIONAL TAX	57,487.00	289,958.00
PAYROLL ADJUST				4,770.00-			
Gross Wages			870,350.01	2,606,280.03			
Gross Pay			870,350.01	2,606,280.03			
Net Pay			812,863.01	2,432,879.03	Total Deductions	57,487.00	289,958.00

PTO Balance 60.01	hrs. PTO Taken	.00	hrs. Overtime Pay	超時支付	Salary	薪金
One period behind.						

SALARY PAY FOR THE PERIOD 01-SEP-2009 THROUGH 30-SEP-2009  
OT PAY FOR THE PERIOD 17-AUG-2009 THROUGH 13-SEP-2009;PTO CUT-OFF AS AT 13-SEP

205 500 5050 5050A 31020 31/10/2009

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

205 500 5050 5050A

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

Department 部門編號		Employee No. 僱員編號		Period Ending 結束日期		Voucher No. 傳單編號	
205 500 5050 5050A		31020		31/10/2009		425169	
Employee Name 僱員姓名				Employee Position 職位			
STEVEN CRAIG JACOBS				PRESIDENT - MACAU			

項目 Item	小時 Hours	現款 Current	累計至日期 YTD To Date	扣款 Deductions	現款 Current	累計至日期 YTD To Date
REGULAR PAY		870,350.01	3,481,400.04	PROFESSIONAL TAX	57,487.00	347,445.00
PAYROLL ADJUST			4,770.00-			
Gross Wages		870,350.01	3,476,630.04			
Gross Pay		870,350.01	3,476,630.04			
Net Pay		812,863.01	3,245,742.04	Total Deductions	57,487.00	347,445.00

PTO Balance 75.01 hrs. PTO Taken .00 hrs. Overtime Pay 超時支付 Salary 薪金

One period behind.

SALARY PAY FOR THE PERIOD 01-OCT-2009 THROUGH 31-OCT-2009  
OT PAY FOR THE PERIOD 14-SEP-2009 THROUGH 18-OCT-2009; PTO CUT-OFF AS AT 18-OCT

205 500 5050 5050A 31020 30/11/2009

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

205 500 5050 5050A

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

Department 部門編號	Employee 僱員編號	Period Ending 結算日期	Voucher No. 單據號碼
205 500 5050 5050A	31020	30/11/2009	14357
Employee Name 僱員姓名		Employee Position Title 僱員職位	
STEVEN CRAIG JACOBS		PRESIDENT - MACAU	

項目 Item	小時 Hours	金額 Amount	年終結算 Year To Date	扣除 Deductions	年終結算 Year To Date
REGULAR PAY		870,350.01	4,351,750.05	PROFESSIONAL TAX	83,300.00
PAYROLL ADJUST			4,770.00-		
HOUSING		382,418.40	382,418.40		
OVERPAY-SETTLEMENT		382,418.40-	382,418.40-		
Gross Wages		870,350.01	4,346,980.05		
Gross Pay		870,350.01	4,346,980.05		
Net Pay		787,050.01	4,032,792.05	Total Deductions	83,300.00

PTO Balance 90.01 hrs. PTO Taken .00 hrs. Overtime Pay 超時支付 Salary 薪金

One period behind.

SALARY PAY FOR THE PERIOD 01-NOV-2009 THROUGH 30-NOV-2009  
OT PAY FOR THE PERIOD 19-OCT-2009 THROUGH 15-NOV-2009; PTO CUT-OFF AS AT 15-NOV

205 500 5050 5050A 31020 31/12/2009

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

205 500 5050 5050A

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

Department / 部門	Employee # / 僱員編號	Period Ending / 結算日期	Voucher No. / 支票號碼
205 500 5050 5050A	31020	31/12/2009	14557
Employee Name / 僱員姓名		Employee Position Title / 僱員職位	
STEVEN CRAIG JACOBS		PRESIDENT - MACAU	

Earnings / 收入	Hours / 小時	Current / 現期	Year To Date / 年終至日期	Deductions / 扣款	Current / 現期	Year To Date / 年終至日期
REGULAR PAY		870,350.00	5,222,100.05	PROFESSIONAL TAX	56,415.00	487,160.00
PAYROLL ADJUST			4,770.00-			
HOUSING		96,408.00	478,826.40			
OVERPAY-SETTLEMENT		96,408.00-	478,826.40-			
總工資 Gross Wages		870,350.00	5,217,330.05			
總支付 Gross Pay		870,350.00	5,217,330.05	合計扣款 Total Deductions	56,415.00	487,160.00
淨支付 Net Pay		813,935.00	4,846,727.05			

PTO Balance 105.01 hrs. PTO Taken .00 hrs. Overtime Pay 超時支付 Salary 薪金  
One period behind.

SALARY PAY FOR THE PERIOD 01-DEC-2009 THROUGH 31-DEC-2009  
OT PAY FOR THE PERIOD 16-NOV-2009 THROUGH 13-DEC-2009;PTO CUT-OFF AS AT 13-DEC

205 500 5050 5050A 31020 31/01/2010

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

205 500 5050 5050A

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

Department / 部門	Employee No. / 僱員編號	Period Ending / 結算日期	Voucher No. / 憑單號碼
205 500 5050 5050A	31020	31/01/2010	14826
Employee Name / 僱員姓名		Employee Position Title / 僱員職位	
STEVEN CRAIG JACOBS		PRESIDENT - MACAU	

項目 / Item	小時 / Hours	金額 / Amount	累計金額 / Cumulative Amount	扣款 / Deductions	金額 / Amount	累計金額 / Cumulative Amount
REGULAR PAY		870,350.01	870,350.01	PROFESSIONAL TAX	78,732.00	78,732.00
TRAVEL		218,336.90	218,336.90			
HOUSING		96,408.00	96,408.00			
OVERPAY-SETTLEMENT		96,408.00-	96,408.00-			
總計 / Total		1,088,686.91	1,088,686.91	合計扣款 / Total Deductions	78,732.00	78,732.00
應付工資 / Gross Wages		1,088,686.91	1,088,686.91			
應付薪金 / Gross Pay		1,088,686.91	1,088,686.91			
應付淨額 / Net Pay		1,009,954.91	1,009,954.91			

PTO Balance 120.01 hrs. PTO Taken .00 hrs. Overtime Pay 超時支付 Salary 薪金

One period behind.

SALARY PAY FOR THE PERIOD 01-JAN-2010 THROUGH 31-JAN-2010  
OT PAY FOR THE PERIOD 14-DEC-2009 THROUGH 17-JAN-2010;PTO CUT-OFF AS AT 17-JAN

205 500 5050 5050A 31020 26/02/2010

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

205 500 5050 5050A

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

Department # 部門編號		Employee # 僱員編號		Pay Period Ending 結算期		Voucher No. 支票號碼	
205	500	5050	5050A	31020	26/02/2010	14976	
Employee Name 僱員姓名				Employee Position Title 僱員職位			
STEVEN CRAIG JACOBS				PRESIDENT - MACAU			

項目	小時	Current	Year To Date	項目	Current	Year To Date
REGULAR PAY		870,350.00	1,740,700.01	PROFESSIONAL TAX	65,873.00	144,605.00
TRAVEL		27,836.30	246,173.20			
HOUSING		96,400.00	192,816.00			
OVERPAY-SETTLEMENT		96,400.00-	192,816.00-			
Gross Wages		898,186.30	1,986,873.21			
Gross Pay		898,186.30	1,986,873.21			
Net Pay		832,313.30	1,842,268.21	Total Deductions	65,873.00	144,605.00

PTO Balance 123.01 hrs. PTO Taken 12.00 hrs. Overtime Pay 超時支付 Salary 薪金

One period behind.

SALARY PAY FOR THE PERIOD 01-FEB-2010 THROUGH 28-FEB-2010  
OT PAY FOR THE PERIOD 18-JAN-2010 THROUGH 14-FEB-2010; PTO CUT-OFF AS AT 14-FEB

205 500 5050 5050A 31020 31/03/2010

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

205 500 5050 5050A

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

Department 部門編號		Employee # 僱員編號		Period Ending 結束日期		Voucher No. 收據編號	
205 500 5050 5050A		31020		31/03/2010		15248	
Employee Name 僱員姓名				Employee Position Title 僱員職位			
STEVEN CRAIG JACOBS				PRESIDENT - MACAU			

項目 Earnings	小時 Hours	本月 Current	本年計至 Year To Date	扣除 Deductions	本月 Current	本年計至 Year To Date
REGULAR PAY		870,350.01	2,611,050.02	PROFESSIONAL TAX	65,873.00	210,478.00
PAYROLL ADJUST		.01-	.01-			
TRAVEL		27,836.30	274,009.50			
HOUSING		96,408.00	289,224.00			
OVERPAY-SETTLEMENT		96,408.00-	289,224.00-			
Gross Wages		898,186.30	2,685,059.51			
Gross Pay		898,186.30	2,685,059.51			
Net Pay		832,313.30	2,674,581.51	Total Deductions	65,873.00	210,478.00

PTO Balance 138.01 hrs. PTO Taken .00 hrs. Overtime Pay 超時支付 Salary 薪金  
One period behind.

SALARY PAY FOR THE PERIOD 01-MAR-2010 THROUGH 31-MAR-2010  
OT PAY FOR THE PERIOD 15-FEB-2010 THROUGH 14-MAR-2010; PTO CUT OFF AS AT 14-MAR

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

PA34



205 500 5050 5050A 31020 30/04/2010

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

205 500 5050 5050A

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

Department / 部門		Employee / 僱員編號		Period Ending / 結算日期		Voucher No. / 收據編號	
205 500 5050 5050A		31020		30/04/2010		15664	
Employee Name / 僱員姓名				Employee Position Title / 僱員職位			
STEVEN CRAIG JACOBS				PRESIDENT - MACAU			

項目 / Item	小時 / Hours	目前 / Current	累計至 / YTD To Date	扣除 / Deductions	目前 / Current	累計至 / YTD To Date
REGULAR PAY		870,350.01	3,481,400.03	PROFESSIONAL TAX	67,135.00	511,346.00
PAYROLL ADJUST		.01-	.02-			
BONUS			3,481,401.00			
TRAVEL		27,836.30	301,845.80			
HOUSING		96,408.00	385,632.00			
OVERPAY-SETTLEMENT		96,408.00-	305,632.00-			
總工資 / Gross Wages		898,186.30	7,264,646.81			
總支付 / Gross Pay		898,186.30	7,264,646.81			
淨支付 / Net Pay		831,051.30	6,753,300.81	總扣除 / Total Deductions	67,135.00	511,346.00

PTO Balance 109.01 hrs. PTO Taken 44.00 hrs. Overtime Pay 超時支付 Salary 薪金

One period behind.

SALARY PAY FOR THE PERIOD 01-APR-2010 THROUGH 30-APR-2010  
OT PAY FOR THE PERIOD 15-MAR-2010 THROUGH 18-APR-2010; PTO CUT-OFF AS AT 18-APR

205 500 5050 5050A 31020 31/05/2010

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

205 500 5050 5050A

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

Department # 205 500 5050 5050A		Employee # 31020		Period Ending 31/05/2010	Voucher No 15859	
Employee Name STEVEN CRAIG JACOBS				Employee Position PRESIDENT - MACAU		

Item	Unit	Amount	Year To Date	Item	Unit	Year To Date
REGULAR PAY		870,350.01	4,351,750.04	PROFESSIONAL TAX		65,873.00
PAYROLL ADJUST		.01-	.03-			
BONUS			3,481,401.00			
TRAVEL		27,836.30	329,682.10			
HOUSING		96,408.00	482,040.00			
OVERPAY-SETTLEMENT		96,408.00-	482,040.00-			
Gross Wages		898,106.30	8,162,833.11			
Gross Pay		898,106.30	8,162,833.11			
Net Pay		832,313.30	7,885,614.11	Total Deductions	65,873.00	577,219.00

PTO Balance 124.01 hrs. PTO Taken .00 hrs. Overtime Pay 超時支付 Salary 薪金

One period behind.

SALARY PAY FOR THE PERIOD 01-MAY-2010 THROUGH 31-MAY-2010  
OT PAY FOR THE PERIOD 19-APR-2010 THROUGH 16-MAY-2010;PTO CUT-OFF AS AT 16-MAY

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

Department 部門編號		Employee # 僱員編號		Period Ending 結束日期		Voucher No 收據編號	
205	500 5050 5050A	31020		30/06/2010		16083	
Employee Name 僱員姓名				Employee Position Title 僱員職位			
STEVEN CRAIG JACOBS				PRESIDENT - MACAU			
Earnings		Hours	Current	Year To Date	Deductions		Current
REGULAR PAY			870,350.01	5,222,100.05	PROFESSIONAL TAX		65,873.00
PAYROLL ADJUST			.01-	.04-			
BONUS				3,481,401.00			
TRAVEL			27,836.30	357,818.40			
HOUSING			96,408.00	578,448.00			
OVERPAY-SETTLEMENT			96,408.00-	578,448.00-			
Gross Wages			898,186.30	9,061,019.41			
Gross Pay			898,186.30	9,061,019.41	合計減免		
Net Pay			832,313.30	8,417,927.41	Total Deductions		65,873.00
PTO Balance 139.01 hrs. PTO Taken .00 hrs. Overtime Pay 超時支付 Salary 薪金							
SALARY PAY FOR THE PERIOD 01-JUN-2010 THROUGH 30-JUN-2010 OT PAY FOR THE PERIOD 17-MAY-2010 THROUGH 13-JUN-2010; PTO CUT-OFF AS AT 13-JUN							

205 500 5050 5050A 31020 31/08/2010

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

205 500 5050 5050A

PRESIDENT - MACAU  
STEVEN CRAIG JACOBS  
979 CREST VALLEY DR ATLANTA  
GA 30027  
USA,

Department # 部門編號		Employee # 僱員編號		Period Ending 結算日期	Voucher No. 支票號碼	
205 500 5050 5050A		31020		31/08/2010	16470	
Employee Name 僱員姓名				Employee Position 僱員職位		
STEVEN CRAIG JACOBS				PRESIDENT - MACAU		

項目 Item	小時 Hours	目前 Current	累積至 Year To Date	減免 Deductions	目前 Current	累積至 Year To Date
REGULAR PAY		680,139.26	5,902,239.31	PROFESSIONAL TAX	68,712.00	711,804.00
PTO BALANCE	77.73	354,813.59	354,813.59			
PAYROLL ADJUST		.03	.01			
BONUS			3,481,401.00			
TRAVEL		21,341.16	378,859.56			
HOUSING		73,912.80	652,360.80			
OVERPAY-SETTLEMENT		599,099.34	1,177,547.34			
Gross Pay 應付總額		531,107.50	9,592,126.91			
Gross Pay 應付總額		531,107.50	9,592,126.91			
Net Pay 實付總額		462,395.50	8,880,322.91	Total Deductions 總減免	68,712.00	711,804.00

PTO Balance -11.72 hrs. PTO Taken 88.00 hrs. Overtime Pay 超時支付 Salary 薪金  
One period behind.

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# **EXHIBIT E**

*Steve Jacobs*  
Offer Terms and Conditions

1. Position: President and CEO Macau, listed company (ListCo)
  - a. Reporting into President and COO LVS or CEO/Chairman LVS
  - b. All staff to be direct reports, including EVP/President, Asia Development
2. Term: 3 years
3. Base Salary and Annual Bonus
  - a. 1.3 M base (USD)
  - b. 50% bonus
    - i. 25% Achieving annual EBITDAR Performance as submitted and approved by the BOD for Macau
    - ii. 25% Individual Objectives to be mutually agreed on an annual basis
4. Equity
  - a. 500,000 options in LVS to be granted date of hire at FMV. Should there be an IPO of Macau, LVS options to be converted at IPO into sufficient numbers of ListCo options such that the aggregate FMV of ListCo at the IPO list price is equal to the aggregate FMV of the LVS stock being converted. Conversion to be tax free.
  - b. Vesting
    - i. 250,000 shares vest Jan 1, 2010
    - ii. 125,000 shares vest Jan 1, 2011
    - iii. 125,000 shares vest Jan 1, 2012
5. Expat package
  - a. 10,000 one time fee to cover moving expense from Atlanta to HK
  - b. Housing Allowance: 12,000 per month, company pays deposits (if required)
  - c. Repatriation: Business airfare for employee and dependants, one 20 foot container, company to pay termination fees (if any)
  - d. Employee agrees to apply for Full Time Resident Status.
6. Expense reimbursement/ Business Travel
  - a. Full reimbursement of expenses necessary to conduct business and in keeping with company and IRS policy
  - b. Business travel: Business class or above subject to prevailing company policy
7. Employee Benefit Plan: Participation in any established plan(s) for senior executives
8. Vacation and Holidays: 4 weeks per annum, with right to carry over should business demands prevent use
9. Change of Control: Provision to accelerate vest and terminate not for cause should Sheldon or Miri not be in control of company
10. Termination:
  - a. For Cause - Standard Language
  - b. Not For Cause - 1 Year severance, accelerated vest. Right to exercise for 1 year post termination.

*Steve Jacobs*  
*8/13/09*

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**EXHIBIT F**

Holland & Hart LLP  
3800 Howard Hughes Parkway, Tenth Floor  
Las Vegas, Nevada 89169  
Phone: (702) 669-4600 ♦ Fax: (702) 669-4650

AFFIDAVIT OF DARLENE DUSHAN

STATE OF NEVADA       )  
                                  )ss:  
COUNTY OF CLARK     )


I, Darlene Dushan, having been duly sworn, deposes and states as follows:

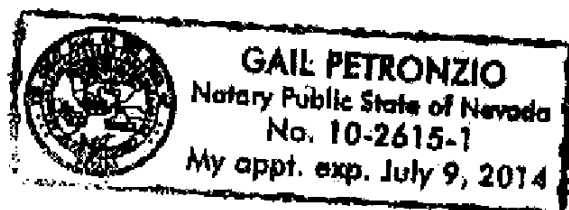
1. I am over the age of eighteen and competent to testify as to the facts set forth herein if called to testify under oath.
2. I am the Director of Payroll for Las Vegas Sands Corp.
3. At no time was Steven C. Jacobs paid a salary by Las Vegas Sands Corp.
4. At no time did Las Vegas Sands Corp. provide company health, retirement, or other benefits to Steven C. Jacobs.

DATED this 21<sup>st</sup> of December, 2010.

  
DARLENE DUSHAN

Subscribed and Sworn to me this  
21st day of December, 2010.

  
NOTARY PUBLIC





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# **EXHIBIT G**



August 5, 2010

Steven Craig Jacobs  
979 Crest Valley Dr.  
Atlanta GA  
30027  
USA

**Re: Notification of termination with cause of the employment contract**

Dear Mr. Jacobs,

**VENETIAN MACAU LIMITED**, in the capacity of employer, with registered address in Macau, at Estrada da Baía de Nossa Senhora da Esperança, The Venetian Macao Resort Hotel, Executive Offices – L2, Taipa, (hereinafter “VML”) does hereby **terminate with cause**, pursuant article 69<sup>th</sup> of Law nr. 7/2008 (Law of the Employment Relationships), the employment contract dated June 16, 2009 between Venetian Macau Limited and you.

The facts supporting the termination with cause, which resulted in the impossibility to continue the labor relationship, are that you repeatedly acted in a manner which exceeded your authority and failed to keep the Board of VML or of Sands China Ltd. (“SCL” or the “Company”) informed on Important business decisions and other actions that you took on behalf of the Company and its subsidiaries, including those which exceeded your authority. Examples are:

- 1) Negotiating arrangements for Sites 5 & 6 without prior approval.
- 2) Failing to obtain proper authorisation prior to signing the Playboy agreement.
- 3) Finalizing Four Seasons contracts with Jack Lam without obtaining prior approval.

**Venetian Macau Limited**  
**威尼斯人澳門股份有限公司**

Estrada da Baía de N. Senhora da Esperança, s/n. The Venetian Macao Resort Hotel, Executive Office – L2, Taipa, Macao SAR, P.R. China  
澳門路仔沙基亞基路大馬路澳門威尼斯人度假村酒店行政辦公室二樓 Tel: +853 2882 8888 Fax: +853 2882 8889 website: www.venetianmacao.com

- 4) Travelling to Toronto on three occasions to meet with Four Seasons without first obtaining prior authorization to negotiate a deal.
- 5) Negotiating a transaction with Harrah's for Sites 3 and/or Sites 7 & 8 without obtaining prior approval.
- 6) Entering into negotiations with Cirque du Soleil without obtaining prior approval and not advising the board of SCL and/or VML, until midway through the negotiations.
- 7) Commissioning a brand study for Sites 5 & 6 to change the names of the properties without informing the Board of SCL and/or VML.
- 8) Hiring Ogilvy without approval from the Board of SCL and/or VML.
- 9) Preparing to make an offer to a potential chief operating officer of SCL without first obtaining the approval of the Board of SCL.
- 10) Failing to discuss and agree the SCL Board meeting agendas with the Chairman of SCL despite being required to do so by the SCL Corporate Governance Guidelines.
- 11) Disagreeing in public with the Chairman's position on the growth prospects for Sands China.
- 12) Exercising LVSC options and selling LVSC stock without first informing the Chairman and/or the Board of SCL.

Sincerely,

On behalf of Venetian Macau Limited,



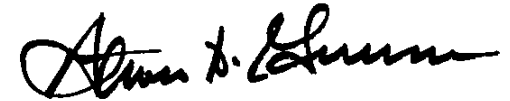
Antonio Ferreira

Managing Director

**Venetian Macau Limited**  
威尼斯人澳門股份有限公司

Parada da Baía de N. Senhora da Esperança, s/n, The Venetian Macao Resort Hotel, Executive Office - L2, Taipa, Macao SAR, P.R. China

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CLERK OF THE COURT

**MDSM**  
Mark G. Krum, State Bar No. 10913  
Andrew D. Sedlock, State Bar No. 9183  
GLASER, WEIL, FINK, JACOBS,  
HOWARD & SHAPIRO, LLP  
3763 Howard Hughes Parkway, Suite 300  
Las Vegas, Nevada 89169  
Telephone: (702) 650-7900  
Facsimile: (702) 650-7950  
email: mkrum@glaserweil.com  
asedlock@glaserweil.com

*Attorneys for Defendant  
Sands China Ltd.*

**DISTRICT COURT  
CLARK COUNTY, NEVADA**

STEVEN C. JACOBS,  
  
Plaintiff,

v.

LAS VEGAS SANDS CORP., a Nevada  
corporation; SANDS CHINA LTD., a Cayman  
Island corporation; DOES I through X; and  
ROE CORPORATIONS I through X,  
  
Defendants.

Case No.: A-10-627691-C

Dept. No.: XXV

**DEFENDANT SANDS CHINA LTD.'S  
MOTION TO DISMISS FOR LACK OF  
PERSONAL JURISDICTION, OR IN THE  
ALTERNATIVE, PLAINTIFF'S FAILURE  
TO JOIN AN INDISPENSABLE PARTY**

DATE OF HEARING:  
TIME OF HEARING:

Defendant Sands China Ltd., ("SCL"), by and through its undersigned counsel of record, the law firm of GLASER, WEIL, FINK, JACOBS, HOWARD & SHAPIRO, hereby brings this Motion to Dismiss for Lack of Personal Jurisdiction, or in the Alternative, Plaintiff's Failure to Join an Indispensable Party (the "Motion").

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LAW OFFICES  
GLASER, WEIL, FINK, JACOBS, HOWARD & SHAPIRO, LLP  
3763 HOWARD HUGHES PARKWAY, SUITE 300  
LAS VEGAS, NEVADA 89169  
(702) 650-7900  
FAX (702) 650-7950

1 This Motion is made pursuant to Nevada Rules of Civil Procedure 12(b)(5)-(6) and 19(b),  
2 and is based on the papers and pleadings on file with this Court, the Memorandum of Points and  
3 Authorities attached hereto, the Affidavit of Anne Salt, and any and all oral arguments this Court  
4 may entertain on the matter.

5 DATED this 22 day of December, 2010.

6 GLASER, WEIL, FINK, JACOBS & SHAPIRO, LLP

7  
8 By: 

9 Mark G. Krum, ESQ.  
10 Nevada Bar No. 10913  
11 Andrew D. Sedlock, ESQ.  
12 Nevada Bar No. 9183  
13 3763 Howard Hughes Parkway, Suite 300  
14 Las Vegas, Nevada 89169

15 *Attorneys for Defendant Sands China Ltd.*

16 **NOTICE OF MOTION**

17 TO: ALL INTERESTED PARTIES AND THEIR COUNSEL OF RECORD

18 YOU, and each of you, will please take notice that the undersigned will bring the above and  
19 foregoing **MOTION TO DISMISS FOR LACK OF PERSONAL JURISDICTION, OR IN**  
20 **THE ALTERNATIVE, PLAINTIFF'S FAILURE TO JOIN AN INDISPENSABLE PARTY**  
21 on for hearing before the above-entitled Court on the 1 day of Feb ., 2011, at 9 : 0 0  
22 a.m. of said day in Department XI of said Court.

23 DATED this 22 day of December, 2010.

24 GLASER, WEIL, FINK, JACOBS  
25 HOWARD & SHAPIRO, LLP

26 By: 

27 Mark G. Krum, ESQ.  
28 Nevada Bar No. 10913  
Andrew D. Sedlock, ESQ.  
Nevada Bar No. 9183  
3763 Howard Hughes Parkway, Suite 300  
Las Vegas, Nevada 89169

*Attorneys for Defendant Sands China Ltd.*

## MEMORANDUM OF POINTS AND AUTHORITIES

### I. INTRODUCTION

According to the complaint filed by plaintiff Steven C. Jacobs ("Jacobs" or "Plaintiff"), this action arises from the termination of his employment as President and Chief Executive Officer of defendant Sands China Ltd. ("SCL"), a Cayman Islands company which has a registered office in Hong Kong, maintains its principal place of business in Macau, China and which is neither registered to conduct nor conducts business in Nevada. As to SCL, Plaintiff claims only that his termination did not affect his alleged rights pursuant to an option to purchase SCL stock, that had not vested at the time of his termination. He makes this claim notwithstanding the fact that the document providing for that stock option expressly states that the unvested portion of the stock option "shall expire on the date of termination" of employment. Also by the terms of that document, any disputes regarding the stock option are to be resolved in accordance with the laws of Hong Kong.

Thus, Plaintiff, who neither is nor was a Nevada resident, seeks to litigate against SCL, a party not subject to jurisdiction in Nevada, alleged rights arising from a document that requires that any such claims be resolved by Hong Kong law.

To properly exercise jurisdiction over SCL, due process considerations based on SCL's contacts (if any) with Nevada must be satisfied. SCL's contacts must be systematic and continuous, or directly related to Plaintiff's claims and damages. In this case, Plaintiff cannot establish personal jurisdiction over SCL with either test. Plaintiff may attempt to imply jurisdiction based on the status of defendant Las Vegas Sands Corp. ("LVS"), a Nevada corporation which is SCL's majority shareholder. Such an argument would be unavailing. This Court has recognized that a parent company's domicile does not, without a showing of a "unity of interest," confer jurisdiction on its foreign subsidiaries. SCL is an independent public company, the stock of which is traded on the Stock Exchange of Hong Kong Limited ("HKEx"), and Jacobs cannot make any plausible arguments to the contrary. Simply put, SCL is not subject to this Court's personal jurisdiction, and this action as against SCL therefore should be dismissed.

1 In the alternative, Plaintiff's Complaint must be dismissed in its entirety because he has  
2 failed to join an indispensable party to this action, Venetian Macau Limited ("VML"). Plaintiff is  
3 suing primarily based on an allegation that he was improperly terminated. VML employed Plaintiff  
4 pursuant to an employment contract, and therefore is a necessary party. Given the nature of  
5 Plaintiff's claims, this case cannot properly proceed without VML, and VML would be prejudiced if  
6 this case were allowed to proceed in VML's absence. Because VML is a Macau entity with no ties  
7 to Nevada, it is outside the reach of this Court's jurisdiction and therefore an indispensable party.  
8 Equity requires that this case be dismissed and pursued, if at all, in a forum that properly can  
9 exercise personal jurisdiction over VML.

## 10 **II. FACTUAL AND PROCEDURAL SUMMARY**

### 11 **A. SCL Corporate History and Structure**

12 SCL was incorporated in the Cayman Islands on July 15, 2009, at which time it was an  
13 indirect wholly owned subsidiary of LVS. *See* Affidavit of Anne Salt (the "Salt Aff'd") at ¶ 3.  
14 Today, SCL is a publically traded company, the stock of which is listed on the HKEx, (HKEx Stock  
15 Code # 1928). *Id.* at ¶ 4.

16 The initial public offering of SCL stock (the "Global Offering") was completed in November  
17 2009, at which time SCL became a publicly traded company. *See* a true and accurate copy of the  
18 Global Offering Document, attached to the Salt Aff'd as **Exhibit A**. Immediately following the  
19 Global Offering, LVS indirectly owned approximately seventy percent (70%) of SCL's outstanding  
20 shares. *Id.*, *see also* Ex. A at pp.48, 211.

21 SCL is party to a reciprocal Non-Competition Deed (the "Deed") with LVS. *Id.* at pp. 213-  
22 216; *see also*, a true and correct copy of the Deed, attached to the Salt Aff'd as **Exhibit B**. Among  
23 other things, the Deed effectively limits SCL's business activities to specific territories and prohibits  
24 SCL from conducting business or directing its efforts to Nevada. *Id.* Consistent with the Deed,  
25 SCL has not registered to do business in Nevada and has not attempted to do business or direct any  
26 business activities towards Nevada or its residents. *See* Salt Aff'd at ¶ 9.

27 As a HKEx listed company, SCL's Board of Directors (the "Board") is required to (and does)  
28 include three independent non-executive directors. *See* Salt Aff'd at ¶ 5; *see also* Ex. A at p. 212.

1 At the time of the Global Offering, these individuals had no prior relationships with LVS. *Id.* At  
2 the time of the Global Offering, the remaining Board positions consisted of two executive directors,  
3 who also served as SCL's Chief Executive Officer and its Chief Development Officer, and three  
4 non-executive directors. *Id.* Those three non-executive director positions were held by Sheldon  
5 Adelson, Jeffrey Schwartz, and Irwin Siegel, each of whom also sit on LVS' board of directors. *Id.*  
6 SCL's Board, and its Board committees, conduct separate meetings and keep separate minutes. *Id.*  
7 SCL also has its own financial controls, independent bank accounts, tax registration and auditing  
8 systems. *Id.*

9 SCL's three independent non-executive directors have extensive corporate governance and  
10 financial experience, which enables them to review and implement measures to manage any conflict  
11 of interest between LVS and SCL. *Id.* at 212-213. Additionally, SCL's three independent non-  
12 executive directors must approve any Board resolution relating to transactions between LVS and  
13 SCL. *Id.*

14 SCL has full control over its assets to operate its businesses independently of LVS. *Id.* Any  
15 transactions with LVS are negotiated at arms' length and governed by agreements entered into in the  
16 ordinary course of business. *Id.* These ordinary course transactions have included the reciprocal  
17 provision of consulting services in relation to the global procurement of raw materials, furniture,  
18 fixtures and operating supplies, reciprocal transportation and related logistics services and  
19 administrative services, such as regulatory services. *Id.* Moreover, SCL is entitled to contract with  
20 third parties to provide any services it may obtain through or from LVS. *Id.* Lastly, as stated, SCL  
21 maintains financial independence from LVS, with an independent financial auditing system,  
22 dedicated financial accounting personnel, independent bank accounts and tax registration, and a  
23 separate treasury department. *Id.*

24 VML is a Macau incorporated entity that holds a gaming subconcession for the operation of  
25 casino games in Macau<sup>1</sup>. *See* Ex. A at pp. 85-93. VML owns and operates the Sands Macao and  
26

27 <sup>1</sup> SCL, through a wholly owned intermediary, owns approximately ninety percent (90%) of the issued share capital of  
28 VML, and approximately ten percent (10%) is owned by VML's managing director pursuant to Macau law. *See* Exhibit  
A at p. 79.



1 operates the gaming areas in the Venetian Macao-Resort-Hotel and the Plaza Macao<sup>2</sup>. *Id.* at 75. As  
2 a subconcessionaire, VML is subject to numerous requirements imposed by the Macau government.  
3 *Id.* at 85-93. Specifically, VML must, among other obligations, ensure the proper management and  
4 operation of its casinos, and employ the individuals who oversee those procedures. *Id.* As  
5 discussed below, Plaintiff was employed by VML.

6 **B. Plaintiff's Employment History**

7 Jacobs and VML are parties to a June 16, 2009 Letter of Appointment for Executive, which  
8 was signed by Jacobs and by VML's Managing Director. *See* true and accurate copy of June 16,  
9 2009 Letter of Appointment, attached to the Salt Aff'd as **Exhibit C**. The Letter of Appointment  
10 outlined the terms and conditions of Jacobs' employment. *Id.* The Letter of Appointment states that  
11 Jacobs would be performing his employment duties in Macau, and that the agreement itself would  
12 be governed by Macau law with exclusive jurisdiction over any disputes residing with the Macau  
13 courts. *Id.*

14 After nearly one year of employment, and approximately six months after SCL's Global  
15 Offering, the Remuneration Committee of SCL's Board of Directors determined to grant Jacobs an  
16 option to purchase 2.5 million shares of SCL stock (the "Stock Option Grant"). *See* a true and  
17 accurate copy of the May 10, 2010 SCL Remuneration Committee Minutes, attached to the Salt  
18 Aff'd as **Exhibit E**; *see also* a true and accurate copy of SCL's Equity Award Plan (the "Plan"),  
19 attached to the Salt Aff'd as **Exhibit G**. A letter dated July 7, 2010 executed in Macau by SCL's  
20 Executive Vice President and Chief Financial Officer sets forth the terms of the Stock Option Grant  
21 (the "Stock Option Grant Letter"). *See* a true and accurate copy of the Stock Option Grant Letter,  
22 attached to Salt Aff'd as **Exhibit F**. The Stock Option Grant Letter states that fifty percent (50%) of  
23 the option would vest on January 1, 2011, with the remaining fifty percent (50%) to vest on January  
24 1, 2012. *Id.*

25 The Stock Option Grant Letter, as well as the Plan, conditioned Jacobs' ability to exercise the  
26 SCL option on his continued employment with SCL or its subsidiaries, and automatically terminated  
27

28 <sup>2</sup> Venetian Cotai Limited ("VCL"), also a Macau entity, owns and operates the hotel portions of the Venetian Macao-  
Resort-Hotel and the Plaza Macao. *Id.*

1 any such rights if Jacobs' employment was terminated before any portion of the option vested. *See*  
2 Exs. F & G; *see also* Salt Aff'd at ¶ 14. Specifically, the Stock Option Grant Letter states that if  
3 Jacobs' employment was terminated "for any reason other than on account of [Jacobs'] death or by  
4 [SCL] or any subsidiary due to disability or for cause, the unvested portion of the Option shall  
5 expire on the date of termination..." *Id.*

6 Additionally, both the Plan and Stock Option Grant Letter specify that the grant of options  
7 would not create a contract of employment, and that the Stock Option Grant Letter otherwise did not  
8 grant Jacobs any additional rights to compensation or damages in the event his employment was  
9 terminated. *Id.* Lastly, consistent with the fact that the shares in SCL subject to the option were  
10 listed on the HKEx, the Stock Option Grant Letter and the Plan each state that each shall be  
11 governed and construed in accordance with Hong Kong law. *Id.*

12 VML terminated Jacobs' employment effective July 23, 2010. *See* Salt Aff'd at ¶15. Jacobs  
13 responded by filing the present action, which claims that he was wrongfully terminated and, as to  
14 SCL, that he remained entitled to exercise the SCL stock option that had been issued previously  
15 (notwithstanding the fact that the Stock Option Grant Letter and the Plan both provide that any right  
16 to exercise an unvested option is automatically extinguished if employment is terminated).

### 17 **III. LEGAL ARGUMENT**

#### 18 **A. The Court Lacks Personal Jurisdiction Over SCL and Must Dismiss Jacobs'** **Suit**

##### 19 **1. The Motion to Dismiss Standard**

20 The Court must take a two step approach when analyzing whether SCL, as a foreign  
21 defendant, is subject to this Court's personal jurisdiction. *See Trump v. District Court*, 109 Nev.  
22 687, 698 (1993). This Court first must determine whether SCL's actions satisfy the requirements of  
23 Nevada's long-arm statute, and next must determine whether SCL's contacts with Nevada are such  
24 that the exercise of personal jurisdiction would not offend due process considerations. *Id.* Nevada's  
25 long-arm statute, NRS 14.065, states that a Nevada court may exercise jurisdiction over a party to a  
26 civil action on any basis that satisfies the due process requirements of the Nevada Constitution or  
27 the U.S. Constitution. Satisfaction of the due process requirements associated with personal  
28 jurisdiction occurs when the non-resident defendant has "certain minimum contacts with the forum

1 such that the maintenance of the suit does not offend traditional notions of fair play and substantial  
2 justice." *See Helicopteros Nacionales de Columbia, S.A. v. Hall*, 466 U.S. 408, 414 (1984).

3 Personal jurisdiction over SCL in this case may be either "general" or "specific," and further must  
4 found to be subjectively reasonable. *See Doe v. Unocal Corp.*, 248 F.3d 915, 922 (9<sup>th</sup> Cir. 2001).

5 General personal jurisdiction over a foreign defendant occurs where a defendant is held to  
6 answer in a forum for causes of action unrelated to the defendant's forum activities, because the  
7 defendant's activities in the forum are so substantial and continuous that the defendant may be  
8 deemed present in the forum and hence subject to suit. *See Trump*, 109 Nev. at 699. General  
9 jurisdiction will only lie where the level of contact between the defendant and the forum state is  
10 high. *Id.* at 701 (declining to find general jurisdiction over a defendant who did business with a  
11 Nevada resident, but owned no Nevada property, never entered the state, exhibited no persistent  
12 course of conduct with Nevada, and derived no revenues from goods or services provided in  
13 Nevada); *see also Helicopteros*, 466 U.S. at 416 (no general jurisdiction over foreign corporation  
14 even though it sent officers to forum state for negotiation, accepted checks drawn on a local bank,  
15 and sent personnel to the forum state to be trained).

16 Absent general jurisdiction, specific personal jurisdiction over a foreign defendant may be  
17 established only where the cause of action arises from the defendant's contacts with Nevada. *Id.*  
18 The state may exercise specific personal jurisdiction only where a defendant purposefully avails  
19 itself of the privilege of doing business in Nevada or of enjoying the protection of Nevada's laws,  
20 and the cause of action arises from that purposeful contact. *Id.*

21 If a defendant challenges personal jurisdiction, the plaintiff bears the burden to show that the  
22 court's exercise of jurisdiction is proper. *See Firouzabadi v. First Judicial Dist. Ct.*, 110 Nev. 1348,  
23 1352 (1994).

24 Here, Jacobs bears the burden of establishing that this Court has personal jurisdiction over  
25 SCL, a Cayman Islands company with a registered office in Hong Kong and its principal place of  
26 business in Macau, China. Jacobs' sole allegation in the Complaint against SCL is that it failed to  
27 honor his alleged but nonexistent "right" to exercise an unvested option to purchase SCL shares of  
28

1 stock after he was terminated. Jacobs does not identify any other actions by SCL, whether directed  
2 at Nevada or otherwise, that comprise the substance of his claims.

3 As observed above, the Stock Option Grant Letter provides that in the event that a dispute  
4 arises over the terms contained therein, it must be resolved in accordance with Hong Kong law.<sup>3</sup>  
5 Therefore, Jacobs' sole argument for personal jurisdiction over SCL presumably is that LVS owns  
6 70% of the issued and outstanding stock of SCL. However, as explained below, that theory is  
7 legally and factually deficient.

## 8 2. Plaintiff Cannot Establish Specific Jurisdiction Over SCL

9 To determine whether this Court has specific jurisdiction over SCL, it must engage in the  
10 following three-part test to determine whether jurisdiction over SCL comports with due process: (1)  
11 has SCL done some act to purposefully avail itself of the privilege of conducting activities in  
12 Nevada; (2) does the claim arise out of SCL's forum-related activities; and (3) is the exercise of  
13 jurisdiction reasonable? *See Haisten v. Grass Valley Medical Reimbursement Fund, Ltd.*, 784 F.2d  
14 1392, 1396 (9<sup>th</sup> Cir. 1986).

15 These factors look not to the relationship between LVS and SCL, but rather to the actual  
16 actions of SCL and the effect of those actions in Nevada.

17 Therefore, in this case, Jacobs must demonstrate that SCL's actions alleged in the Complaint  
18 were purposefully directed at Nevada, that those actions give rise to his claims and, if both these  
19 criteria are met, that the exercise of jurisdiction is reasonable. Jacobs does not satisfy any of these  
20 criteria. On the contrary, as to SCL, the only action Jacobs alleges is SCL's alleged refusal to allow  
21 him to exercise an option to purchase SCL stock after he was terminated. That one alleged  
22 (in)action has nothing to do with Nevada and, to the point, does not satisfy either of the first two of  
23 the criteria for the exercise of personal jurisdiction.

24 Jacobs alleges that the SCL options were issued in May 2010 while he worked in Macau.  
25 The Stock Option Grant Letter, which is to be interpreted in accordance with Hong Kong law, was  
26 for SCL stock, which is traded exclusively on the HKEx.

27  
28 <sup>3</sup> As also observed above, the Letter of Appointment between Jacobs and VML provides that it is governed by Macau  
law with exclusive jurisdiction residing in the Macau courts.

1 Finally, Jacobs cannot reasonably allege any facts indicating that SCL's actions had any  
2 impact on him personally in Nevada. He does not (and cannot truthfully) allege that he was or is a  
3 Nevada resident, much less that he was damaged in any way when domiciled here.

4 However, even if he were somehow able to present such evidence, the Court must still  
5 determine whether exercising jurisdiction over SCL is "reasonable." To determine whether the  
6 exercise of personal jurisdiction is "reasonable," the Court must examine seven factors: (1) the  
7 extent of SCL's purposeful contacts; (2) the burden on SCL of having to defend an action in Nevada;  
8 (3) the extent to which jurisdiction conflicts with SCL's domiciliary country; (4) Nevada's interest in  
9 adjudicating the dispute; (5) which forum is the most efficient for resolving the dispute; (6) Jacobs'  
10 interest in choosing Nevada as a forum; and (7) the existence of alternative forums to adjudicate  
11 Jacobs' claims. *See FDIC v. British-American Ins. Co.*, 828 F.2d 1439, 1442 (9<sup>th</sup> Cir. 1987). Again,  
12 assuming Jacobs could make some argument that SCL should be subject to specific jurisdiction  
13 based on its conduct directed at Nevada, most if not all of these factors weigh in favor of SCL's  
14 dismissal.

15 In reference to the first two factors, SCL has not had any purposeful contacts relating to  
16 Plaintiff in Nevada and, as an entity with its principal place of business in Macau has been and will  
17 continue to be unduly burdened by defending this action in Nevada. Therefore, the first two factors  
18 weigh heavily in SCL's favor. The third and fourth factors are similarly weighted, because this  
19 Court's continued exercise of jurisdiction would significantly conflict with the sovereign Macau  
20 government's interest in protecting its largest business sector. Conversely, SCL's lack of connection  
21 with Nevada significantly minimizes if not eliminates any interest Nevada might have in resolving  
22 any dispute Jacobs has with SCL regarding an option to purchase SCL stock. The last three factors  
23 relate to the application of the previous four, and in reference to Jacobs' choice of forum, that  
24 interest would be tenuous at best. He neither is, nor ever has been, a Nevada resident. Because  
25 nearly all of the actions alleged in the Complaint occurred in Macau, and therefore a vast majority of  
26 the relevant documents and witnesses are found there, litigation in Macau would be significantly  
27 more efficient. Lastly, Macau not only has an available judicial system, it also has a strong interest  
28 in overseeing the conduct of those entities that do business there.

1 Simply put, there are no factors in this analysis that support the "reasonable" exercise of  
2 personal jurisdiction over SCL.

3 **3. This Court Cannot Exercise General Jurisdiction Over SCL Due To**  
4 **LVS' Contacts With Nevada**

5 At the outset, courts have routinely held that a parent corporation's ties to the forum state do  
6 not, standing alone, establish personal jurisdiction over a subsidiary. *See Fields v. Sedgwick*  
7 *Associated Risks, Ltd.*, 796 F.2d 299, 301-02 (9<sup>th</sup> Cir. 1986). In reference to the establishment of  
8 general jurisdiction, a parent corporation or controlling shareholder may be directly involved in the  
9 activities of its subsidiaries without conferring, or alternatively being subjected to, jurisdictional  
10 liability as long as the involvement is consistent with the entity's investment status. *See Doe*, 248  
11 F.3d at 926 ("Appropriate parental involvement includes: monitoring of the subsidiary's  
12 performance, supervision of the subsidiary's finance and capital budget decisions, and articulation of  
13 general policies and procedures."); *see also Newman v. Comprehensive Care Corp.*, 794 F.Supp.  
14 1513, 1519 (D. Or. 1992) ("[t]he activities of the parent corporation are irrelevant absent some  
15 indication that the formal separation between parent and subsidiary is not scrupulously  
16 maintained.").

17 Therefore, Jacobs would only be able to establish a basis for general jurisdiction over SCL,  
18 due to LVS' presence in Nevada, if he could make out a prima facie case that: (1) there was such a  
19 unity of interest that separate corporate personalities do not exist, and (2) that failure to disregard  
20 those separate entities would result in fraud and injustice. *Id.* In determining whether a unity of  
21 interest exists, courts have looked to such factors as co-mingling of funds, treatment of corporate  
22 assets as the stockholders own, failure to observe corporate formalities like maintaining board  
23 minutes or records, sole ownership of all stock and assets, employment of the same employees, and  
24 failure to maintain arm's length relationships among related entities. *See North Arlington Medical*  
25 *Building, Inc. v. Sanchez Construction Co.*, 86 Nev. 515, 522 (1970).

26 In relation to the present matter, the *AT&T v. Lambert*, 94 F.3d 586 (9<sup>th</sup> Cir. 1996) case  
27 provides relevant instruction of the application of this analysis. In *AT&T*, the plaintiff attempted to  
28 establish personal jurisdiction over a Belgian parent company due to its involvement with a U.S.  
subsidiary. In that case, plaintiff presented evidence that the parent (1) received reports regarding

1 the performance of the subsidiary's facilities; (2) held a majority of the seats on the subsidiary's  
2 board; (3) sent representatives to attend the subsidiary's board meetings; (4) included the  
3 subsidiary's earnings on tax returns; (5) made monetary investments in the subsidiary; (6) approved  
4 proposals to terminate the employment contracts of the subsidiary's original owners; and (7)  
5 appointed one of its own board members to serve as the subsidiary's chairman. *Id.* at 590. With this  
6 evidence, the plaintiff attempted to argue that the parent's "domination and control over [the  
7 subsidiary], constituted contacts by which [the parent] purposefully availed itself of the United  
8 States' benefits and protection." *Id.* The court disagreed, saying that the "domination" reflected  
9 nothing more than a normal parent/subsidiary relationship, and that plaintiff had failed to establish  
10 an alter ego relationship required to convey general jurisdiction. *Id.*

11 Here, Jacobs has not made any alter ego allegations in his complaint, or made other  
12 allegations that LVS has abused the corporate form. SCL has its own bank accounts and tax  
13 registration. *See* Ex. A at pp. 212-213. SCL likewise has full control of its own assets to operate its  
14 businesses independently of LVS. *Id.* SCL observes all corporate formalities, including the  
15 maintenance of a Board of Directors, conducting Board and Board committee meetings and keeping  
16 minutes of those meetings. *Id.* Approximately thirty percent (30 %) of SCL's outstanding shares  
17 are owned by third party investors. *Id.* SCL (through VML) employs persons not employed by  
18 LVS to conduct its businesses. *Id.* Any ordinary course transactions between SCL and LVS are  
19 negotiated at arm's length. *Id.* SCL's three independent non-executive directors have extensive  
20 corporate governance and financial experience, which enables them to review and implement  
21 measures to manage any conflict of interest between LVS and SCL. *Id.* Additionally, these  
22 directors must approve any SCL Board of Director's resolution relating to any transaction between  
23 SCL and LVS. *Id.*

24 In sum, the relationship between LVS and SCL is insufficient to confer general jurisdiction  
25 over SCL in this case.

26 ///

27 ///

28