

CONNECTED TRANSACTIONS

We have entered into certain transactions with MGM Resorts International, Pansy Ho and their respective affiliates described below which upon Listing will constitute continuing connected transactions within the meaning of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Exempt Continuing Connected Transactions

Continuing Connected Transaction Exempt from the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements under Rule 14A.33 of the Listing Rules

1. Corporate Support Agreement

MGM Resorts International and its subsidiaries and Grand Paradise Macau Limited and its subsidiaries have agreed to provide, if requested by us to do so, support services in various operational areas to our Company, including accounting services, company secretarial services, legal and regulatory services, aircraft support and logistics, tax and internal audit services, human resources consultancy, insurance, cooperative purchasing (including the purchasing of consumables), corporate security and surveillance, and provision of professional and personnel support for any pre-opening of any new property. Our Company shall reimburse MGM Resorts International and its subsidiaries and Grand Paradise Macau Limited and its subsidiaries for the reasonably allocated costs determined on a fair and equitable basis as well as actual out-of-pocket expenses associated with the provision of the requested services. If at the request of MGM Resorts International, our Group provides support for the pre-opening of any new property, MGM Resorts International shall reimburse our Group for its costs in connection with the provision of such services.

The main purpose of these arrangements is to ensure that our company will have access to the necessary corporate support and transitional services during the initial period following the Listing Date. Our Company is not obliged to request or accept any services under the Corporate Support Agreement. However, the other parties to the agreement have agreed to provide the relevant services to the extent requested by us.

MGM Resorts International is our controlling shareholder. According to the Listing Rules, MGM Resorts International and its subsidiaries are connected persons of our Company. Grand Paradise Macau Limited is one of our substantial shareholders. According to the Listing Rules, Grand Paradise Macau Limited and its subsidiaries are connected persons of our Company. As MGM Resorts International and Grand Paradise Macau Limited are connected persons, the Corporate Support Agreement will constitute continuing connected transactions of our Company pursuant to Rule 14A.14 of the Listing Rules. As the Corporate Support Agreement relates to the sharing of administrative services between our Company and connected persons on a cost basis, the Corporate Support Agreement is exempt from reporting, annual review, announcement and independent shareholders' approval requirements under Rule 14A.33(2) of the Listing Rules.

Non-exempt Continuing Connected Transactions

Continuing Connected Transactions Exempt From the Independent Shareholders' Approval Requirements under Rule 14A.34 of the Listing Rules

2. MGM Resorts to MGM China Marketing Agreement

On May 17, 2011, MGM Resorts International, MGM Resorts International Marketing, Ltd., MGM Grand International Pte, Ltd., MGM Grand Paradise and our Company entered into the MGM Marketing Agreement pursuant to which MGM Resorts International and its designated affiliates will be paid certain marketing fees in consideration of referrals of gaming customers made to resort, hotel and casino properties owned or operated by our Group. The marketing fee payable pursuant to the MGM Marketing Agreement is equal to 3% of the "theoretical win" associated with gaming play by customers referred (excluding any play with junket operators at our property). For the purposes of the MGM Marketing Agreement, "theoretical win" means, in respect of any customer (i) in the case of cash chip

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play, the total amount wagered multiplied by the game house advantage, and (ii) in the case of rolling chip, turnover amount multiplied by the theoretical rolling chip win percentage of 2.7%, in each case ignoring the actual win or loss experienced as a result of that customer's play and provided in each case that "theoretical win" shall not exceed, as to any customer, 12.5% of the available credit line for that customer on the related visit. The fee has been determined based on the assessment of the incremental costs that the Group would have to incur to attract these gaming customers.

The MGM Marketing Agreement entitles MGM Resorts International to have a marketing presence at MGM Macau and our future gaming developments during the term of the agreement.

The major reason for such marketing arrangement is to utilize the established international marketing network of MGM Resorts International to direct additional gaming customers to our Company's present and any future properties. The arrangement formalizes the existing manner in which our Company has benefited from the international marketing efforts of MGM Resorts International in the past. The term of the MGM Marketing Agreement commenced on July 1, 2010 and continues for three years following the Listing Date.

MGM Resorts International is a connected person of our Company as it is our controlling shareholder. MGM Resorts International Marketing, Ltd. and MGM Grand International Pte, Ltd. are both wholly-owned subsidiaries of MGM Resorts International and are therefore also connected persons of the Company. As MGM Resorts International, MGM Resorts International Marketing, Ltd. and MGM Grand International Pte, Ltd. are connected persons, the MGM Marketing Agreement will constitute continuing connected transactions of our Company pursuant to Rule 14A.14 of the Listing Rules.

The Group did not pay any marketing fees to MGM Resorts International for such services during the Track Record Period save for the amount of HK\$9,248,000 (equivalent to approximately US\$1.2 million), which has been accrued as marketing fees payable to MGM Resorts International from July 1, 2010 to December 31, 2010.

The aggregate total consideration to be paid to MGM Resorts International by our Group for such referrals for each of the years ending December 31, 2011, 2012 and 2013 on an annual basis will not exceed US\$5 million. The annual cap is based on the amount which must be paid to properly compensate for the services of the marketing executives, sufficient additional fee capacity to address the expected increase in the revenues during the three-year term of the agreement and the fact that the marketing fee rates payable in respect of the fees are similar to those payable to independent agents in connection with referrals of gaming business. For the year ended on December 31, 2010, the total amount of theoretical win attributable to qualifying referrals received by our Group from MGM Resorts International and its Affiliates was US\$38.9 million, and our Company expects that the amount of these referrals will increase over time. Subject to compliance with the requirements of the Listing Rules or, alternatively, any waivers obtained from the Stock Exchange from strict compliance with such requirements, upon expiration of the initial term or any subsequent renewal term, the agreement will automatically be renewed for a three year term (or such other period permitted under the Listing Rules).

3. *MGM China to MGM Resorts International Marketing Agreement*

On May 17, 2011, MGM Resorts International, MGM Grand Paradise and our Company entered into the Macau Marketing Agreement pursuant to which our Group will be paid certain marketing fees in consideration of the referral of gaming customers to resort, hotel and casino properties owned or operated by MGM Resorts International and its designated affiliates in the United States or elsewhere. For the purposes of Macau Marketing Agreement, "theoretical win" means, in respect of any customer (i) in the case of cash chip play, the total amount wagered multiplied by the game house advantage, and (ii) in the case of rolling chip, turnover amount multiplied by the theoretical rolling chip win percentage of 2.7%, in each case ignoring the actual win or loss experienced as a

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result of that customer's play and provided in each case that "theoretical win" shall not exceed, as to any customer, 12.5% of the available credit line for that customer on the related visit.

The major reason for this arrangement is to provide an additional revenue stream to our Company for gaming customers referred to MGM Resorts International and to facilitate cooperative marketing efforts between our in-house marketing staff and the international marketing staff of MGM Resorts International. The term of the Macau Marketing Agreement commenced on July 1, 2010 and continues for three years from the Listing Date. The marketing fees payable to our Company are also calculated on the basis of 3% of the theoretical win associated with customers gaming play by customers referred (excluding any play with gaming promoters at our property). The fee has been determined based on the assessment of the incremental costs that the Group would have to incur to attract these gaming customers.

MGM Resorts International is a connected person of our Company as it is our controlling shareholder. As MGM Resorts International is a connected person, the Macau Marketing Agreement will constitute continuing connected transactions of our Company pursuant to Rule 14A.14 of the Listing Rules.

There were no amounts paid relating to the provision of such services in past periods save for the amount of HK\$142,000 (equivalent to approximately US\$18,252), which has been accrued as marketing fees payable to our Group from July 1, 2010 to December 31, 2010. The aggregate total consideration to be paid for such services provided by our Company to MGM Resorts International and its subsidiaries for each of the years ending December 31, 2011, 2012 and 2013 on an annual basis will not exceed US\$1 million. The annual cap is based on the amount which must be paid to properly compensate for the services of the marketing executives, sufficient additional fee capacity to address the expected increase in the revenues during the three-year term of the agreement and the fact that the marketing fee rates payable in respect of the fees are similar to those payable to independent agents in connection with referrals of gaming business. Subject to compliance with the requirements of the Listing Rules or, alternatively, any waivers obtained from the Stock Exchange from strict compliance with such requirements, upon expiration of the initial term or any subsequent renewal term, the agreement will automatically be renewed for a three year term (or such other period permitted under the Listing Rules).

4. PH Group to MGM China Marketing Agreement

On May 17, 2011, Bright Elite Holdings Limited, MGM Grand Paradise and our Company entered into the BEH Marketing Agreement pursuant to which Bright Elite Holdings Limited will be entitled to receive marketing fees in consideration of referrals of gaming customers to our Company's resort, hotel and casino properties owned and operated by our Group. The marketing fees payable to Bright Elite Holdings Limited by our Company are calculated on the basis of 3% of the theoretical win associated with customers referred (excluding any play with gaming promoters at our property). The fee has been determined based on the assessment of the incremental costs that the Group would have to incur to attract these gaming customers. The BEH Marketing Agreement will commence on the Listing Date and continues for three years from the Listing Date. For the purposes of BEH Marketing Agreement, "theoretical win" means, in respect of any customer (i) in the case of cash chip play, the total amount wagered multiplied by the game house advantage, and (ii) in the case of rolling chip, turnover amount multiplied by the theoretical rolling chip win percentage of 2.7%, in each case ignoring the actual win or loss experienced as a result of that customer's play and provided in each case that "theoretical win" shall not exceed, as to any customer, 12.5% of the available credit line for that customer on the related visit.

The major reason for such arrangement is to stimulate referrals from Bright Elite Holdings Limited to our Company's resort, hotel and casino facilities and to thereby extend our client base in Macau.

Bright Elite Holdings Limited, a wholly-owned company by Pansy Ho, is a connected person of our Company as Pansy Ho is one of our substantial shareholders and Directors. As Bright Elite

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Holdings Limited is a connected person, the BEH Marketing Agreement will constitute continuing connected transactions of our Company pursuant to Rule 14A.14 of the Listing Rules.

The aggregate total consideration to be paid for such services provided by PH Group to our Group for each of the years ending December 31, 2011, 2012 and 2013 on an annual basis will not exceed US\$3.0 million. Our Company will benefit from Pansy Ho's marketing team because they are able to directly leverage Pansy Ho's expertise and extensive contacts in the casino gaming business in Macau, which is expected to attract further customers and revenue to our Company. It is expected that a cap of US\$3.0 million will diminish significantly as a proportion of our overall revenues over time. Subject to compliance with the requirements of the Listing Rules or, alternatively, any waivers obtained from the Stock Exchange from strict compliance with such requirements, upon expiration of the initial term or any subsequent renewal term, the agreement will automatically be renewed for a three year term (or such other period permitted under the Listing Rules).

Our arrangements with Bright Elite Holdings Limited are new and there are consequently no historical amounts paid relating to past periods. However, the arrangement reflects our Company's desire to avail itself of the marketing expertise and connections of Bright Elite Holdings Limited in a manner similar to the arrangements with MGM Resorts International Holdings.

The proposed annual caps for the three years ending December 31, 2013 in relation to each of the MGM Marketing Agreement, the Macau Marketing Agreement and the BEH Marketing Agreement have been determined after taking into account the expected growth of the Group's business through referrals in the next three years and in general the trend of the gaming market's gaming revenue growth in Macau.

5. Development Agreement

On May 17, 2011, our Company, MGM Grand Paradise, MGM Branding and Development Holdings, MGM Resorts International, MGM Resorts International Holdings, and New Corporate Enterprises Limited entered into the Development Agreement.

The Development Agreement sets forth the terms on which we have appointed MGM Branding and Development Holdings to provide certain development services to our Group in connection with future expansion of existing project and development of future resort gaming project. We are the third party beneficiaries of these support agreements. These development services will enable us to access MGM Resorts International's and Grand Paradise Macau Limited's expertise in the design, construction, management and operation of high quality resort casino projects. If MGM Branding and Development Holdings does not provide development services, we are permitted to engage third parties to provide the same or similar services.

We can terminate the appointment of MGM Branding and Development Holdings as provider of development services if it fails to comply with its obligations to provide the services. MGM Branding and Development Holdings and MGM Resorts International can terminate the provision of development services if we fail to comply with our obligations under the Development Agreement, including payment of the development fee.

The development fee is calculated separately for each resort casino property upon which we commence development during the term of the agreement (whether or not completed during the term). For each such property, the fee is 2.625% of project costs, to be paid in installments as certain benchmarks are achieved. "Project costs" are the total costs incurred for the design, development and construction of the casino, casino hotel, integrated resort and other related projects associated with that project, including costs of construction, fixtures and fittings, signage, gaming and other supplies and equipment and all costs associated with the opening for business of casino, casino hotel and other resorts facilities at such sites but excluding the cost in respect of the acquisition of the applicable land, gaming concessions, financing costs and license fees. The fee is based on the possibility of an increase in the requirement for development services for the potential Cotai project, the expected increase in the aggregate costs and expenses for the development services our Group has to pay for anticipated routine

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and potential enhancements to MGM Macau and the assumption that there will be no significant increase in the aggregate costs and expenses.

The development fee is subject to an annual cap of US\$20 million per annum for the initial financial year for each property, which amount shall increase by 10% per annum for each succeeding financial year during the term of the Development Agreement.

Development fees

Period	Annual cap (US \$)
1	20,000,000
2	22,000,000
3	24,200,000

The aggregate fees paid by our Group to MGM Resorts International and Grand Paradise Macau Limited for such services were HK\$27,919,000, HK\$15,626,000 and HK\$1,846,000 (equivalent to approximately US\$3,588,560, US\$2,008,483 and US\$237,275) for each of the years ended December 31, 2008, 2009 and 2010.

The initial term of the Development Agreement is for three years commencing on the Listing Date. Subject to compliance with the Listing Rules requirements or, alternatively, any waivers obtained from strict compliance with such requirements, upon expiration of the initial term or any subsequent renewal term, the agreement is automatically renewed for a three year term (or such other period permitted under the Listing Rules).

The proposed annual caps for the of the development fees have been determined based on the development fees paid for MGM Macau and the Group's expected future developments, which are at a very preliminary stage. As such, the Group will place substantial reliance on the expertise and support of MGM Resorts International and Pansy Ho. Both parties have provided support in developing MGM Macau and will continue to provide similar development services in future.

6. *Master Service Agreement and Related Arrangements*

As announced by Shun Tak, on October 8, 2010, Shun Tak and MGM Grand Paradise Limited entered into the Master Service Agreement which provides a continuing framework for the provision of products and services between our Group and the Shun Tak group. Such transactions include the Shun Tak group providing various services and products, including ferry tickets, travel products, rental of hotel rooms, laundry services, advertising services and property cleaning services to our Group and our Group providing rental of hotel rooms at wholesale room rates to the Shun Tak group and receiving rebates for ferry tickets from the Shun Tak group.

The term of the Master Service Agreement came into effect from January 1, 2011 and is until December 31, 2013 and is thereafter renewable for successive terms of three years by mutual agreement in writing.

Terms of each specific service are or will be further detailed separately in an agreement or a service contract which may be constituted by the acceptance of a price quotation, sales order or other written documents and have been or will be negotiated on arms length normal commercial terms and by reference to prevailing market prices.

In accordance with the ferry ticket agreement, dated December 1, 2007, between STCTSM and MGM Grand Paradise Limited, for sale of ferry tickets for STCTSM, MGM Grand Paradise Limited shall be entitled to a 5% discount on the original selling price net of departure tax and levy (where applicable) for all ferry tickets sold. Such discount accords with market practice in granting discounts to other bulk purchasers of ferry tickets. The term was currently extended on a day-by-day basis pending for formal renewal.

In accordance with advertising contracts, dated November 8 and November 16, 2010, entered into between STCTSM and MGM Grand Paradise Limited, STCTSM will provide (i) advertising space

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on exterior surface of their vessel during the period from December 23, 2010 to December 22, 2011, (ii) airtime on their onboard video monitors during the period from October 1, 2010 to December 31, 2011; and (iii) advertising space on seat back trays of their vessels during the period from September 1, 2010 to December 31, 2011 at a fixed rate respectively. Such rate is determined based on arms length negotiation and market rates charged to other advertisers.

In accordance with the laundry agreement, dated December 18, 2007, between Clean Living and MGM Grand Paradise Limited, Clean Living was appointed as MGM Grand Paradise Limited's primary laundry service provider to clean linen items and garments used in the MGM Macau. MGM Grand Paradise Limited will pay Clean Living a monthly fee based on predetermined unit prices for the number of items cleaned. The unit prices were determined on normal commercial basis, with reference to market prices and expected cleaning cost. The laundry agreement expired on December 31, 2010 but was extended on month-on-month basis pending for formal renewal of another 3 year term from May 1, 2011 to April 30, 2014.

In accordance with the wholesale agreement, dated December 6, 2010, for rental of MGM Macau hotel room between Shun Tak Travel Services Limited, an indirect subsidiary of Shun Tak, and MGM Grand Paradise Macau Limited, MGM Grand Paradise Limited provide rental of hotel room nights to Shun Tak Travel Services at wholesale contract rates during the period from January 1 to June 30, 2011. The room rates were agreed after arms' length negotiation based on the type of rooms, market demand and seasonality.

In accordance with the exhibition area licence agreements, dated April 30, 2010 and March 18, 2011, entered into between Shun Tak Properties Limited and MGM Grand Paradise Limited, MGM Grand Paradise Limited is allowed to show various promotion materials at Shun Tak Centre during the period from May 1, 2010 to April 30, 2012 for a monthly licence fee. The licence fee was determined on normal commercial basis, with reference to market rental and licence charges. The term of the licence agreement is subject to further extension 2 months before expiry of the current licence term.

In accordance with the letter agreement, dated March 8, 2011, entered into between Mandarin Oriental Macau, as its hotel manager on behalf of its owner Properties Sub F, Limited with MGM Grand Paradise for rental of hotel room nights at intercompany rates during the period from March 8 to June 30, 2011. The room rates were agreed after arms' length negotiation based on the type of rooms, market demand and seasonality. Shun Tak group has indirect beneficial interests of 51% in Properties Sub F, Limited while the remaining interests is held by an independent third party.

The Group has paid the Shun Tak group approximately HK\$27,633,000, HK\$63,325,000 and HK\$74,918,000 for the years ended December 31, 2008, 2009 and 2010, respectively. Shun Tak group has paid the Group about HK\$6,431,000, HK\$5,531,000 and HK\$4,130,000 for the years ended December 31, 2008, 2009 and 2010.

Set out below are the annual caps on amounts payable by our Group to the Shun Tak group and the amounts payable by the Shun Tak group to our Group in respect of the transactions contemplated by the Master Service Agreement in respect of the three financial years ending December 31, 2011, 2012 and 2013 respectively:

<u>Period (for the year ended)</u>	<u>Annual cap on payments from Shun Tak</u> (HK \$)	<u>Annual cap on payments to Shun Tak</u> (HK \$)
December 31, 2011	3,500,000	128,000,000
December 31, 2012	4,000,000	132,000,000
December 31, 2013	4,500,000	135,000,000

The annual caps on amounts payable to Shun Tak have been determined by reference to (i) historical amounts of paid to the Shun Tak for the services contemplated by the Master Service Agreement; and (ii) the estimated quantity of ferry tickets sales and the volume of services in respect

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of travel agency services, rental of hotel rooms, laundry services, advertising services and property cleaning services which may be required by our Group during each of the three years ending December 31, 2011, 2012 and 2013.

The annual caps on amounts payable by Shun Tak have been determined by reference to (i) historical amounts of revenues received for services contemplated by the Master Service Agreement; (ii) the anticipated demand for the relevant products and services; and (iii) the anticipated room rates for hotel rooms during each of the three years ending December 31, 2011, 2012 and 2013.

Pansy Ho, one of our substantial shareholders, Chairperson and Executive Director of our Company, is the managing director and a substantial shareholder of Shun Tak.

By virtue of a number of direct and indirect interests in Shun Tak, the Stock Exchange has determined that Shun Tak is an associate of Pansy Ho and therefore a connected person of the company.

Compliance with Rules 14A.35(1), 14A.35(2), 14A.37 to 14A.40 and 14A.45 to 14A.47 of the Listing Rules

Our Company's continuing connected transactions with Shun Tak fall under Rule 14A.34 of the Listing Rules which are exempt from the independent shareholders' approval requirements. Upon Listing, our Company will comply with the reporting and announcement requirements set out in Rules 14A.45 to 14A.47, the annual review requirements set out in Rules 14A.37 to 14A.40 and the requirements set out in Rules 14A.35(1) and 14A.35(2) of the Listing Rules. Our Company will make an announcement on the Listing Date pursuant to Rule 14A.47 of the Listing Rules in relation to its continuing connected transactions with Shun Tak.

Continuing Connected Transactions Subject To The Reporting, Annual Review, Announcement And Independent Shareholders' Approval Requirements under Rule 14A.33 of the Listing Rules

7. Branding Agreement

Pursuant to the Branding Agreement entered into on May 17, 2011 entered into among our Company, MGM Grand Paradise, MGM Branding and Development Holdings, MGM Resorts International, MGM Resorts International Holdings, and New Corporate Enterprises Limited, and related upstream trademark license agreements, our Company has been granted the use of certain trademarks owned by MGM Resorts International and its subsidiaries for a term co-extensive with that of the Subconcession, ending on March 31, 2020 (the date upon which the Subconcession in Macau is currently scheduled to expire).

Under the Branding Agreement, our Company and the Group have been granted a revocable, non-assignable and non-transferable sublicense to use the marks "MGM", "MGM Grand", "MGM Grand Macau" and the MGM lion and other MGM-related service marks, trademarks, registrations and domain names owned by MGM Resorts International and its subsidiaries (the "Subject Marks") in connection with the marketing and operation of our casino resort businesses within the Restricted Zone, excluding certain reserved zones within the PRC in which MGM Resorts International will not licence the parties to conduct casino gaming business within the Restricted Zone and will only create reserved zones if it permits us to either use MGM Resort International's alternative proprietary branding or permits us to develop and use our own intellectual property.

The grant of the sublicense for our casino gaming business is exclusive within the Restricted Zone, the grant of the sublicense for our Resort Business is exclusive within Macau and the grant of the sublicense in respect of the Resort Business in portions of the Restricted Zone other than Macau is non-exclusive. The Branding Agreement requires our Company to utilize only the Subject Marks for the branding of our property. During the Track Record Period, MGM Grand Paradise had an arrangement with MGM International Holdings under which MGM Grand Paradise was granted a

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sub-license to use the Subject Marks on a royalty-free and non-exclusive basis solely in connection with the marketing and operation of our casino business in Macau.

In order to protect the MGM brand and the Subject Marks, we have agreed, among other things, to maintain certain quality standards, to conduct our business to meet the standards set out in U.S. federal and state laws regulating corruption, money laundering and the financing of terrorism and to comply with the standards of U.S. state gaming laws and regulations applicable to MGM Resorts International. In particular, our Company shall establish a compliance committee for each operating member of our Group, pursuant to a written charter reasonably acceptable to MGM Resorts International. MGM Resorts International and New Corporate Enterprises Limited shall each have the right to nominate one person to each compliance committee and if such person ceases to be a member of such compliance committee, then MGM Resorts International or New Corporate Enterprises (as applicable) shall have the right to nominate a replacement person in each case provided that such nomination rights shall cease upon the failure of the relevant nominator's ultimate owner to also own, directly or indirectly, at least 20% of the Shares of our Company. Each compliance committee shall consist of persons knowledgeable in the area of casino gaming laws and sanction laws, which (unless MGM Resorts International otherwise consents) will have not less than two of which shall be former U.S. gaming regulators. Each compliance committee shall report directly to the board of directors or other governing body of the relevant member of our Group, and our Group shall comply with the requests of each compliance committee for information concerning our Group's position in respect to matters relating to U.S. state gaming laws and regulations applicable to MGM Resorts International.

MGM Resorts International has licensed the Subject Marks to MGM Resorts International Holdings (the "**Head License**"), which in turn has licensed the Subject Marks to MGM Branding and Development Holdings (the "**Sublicense**"). MGM Branding and Development Holdings has in turn sublicensed the Subject Marks to our Company pursuant to the Branding Agreement.

The Branding Agreement has a term ending on March 31, 2020 (which is the current expiration date of the Subconcession), unless earlier terminated. MGM Branding and Development Holdings and MGM Resorts International can terminate the license if any member of our Group breaches any of its obligations under the agreement, including a failure to maintain quality standards applicable to the MGM brand; suspension or loss of our gaming license; or a failure to comply with applicable law or regulations. The license can also be terminated if any competitor of MGM Resorts International acquires more than 15% of our voting Shares or any other member of our Group, unless MGM Resorts International is our larger direct or indirect shareholder or such member of our Group. In addition, the grant of the license can be terminated if MGM Resorts International is directed by any regulator to cease doing business with us or if MGM Resorts International reasonably determines that (a) we are engaging in any activities or relationships which could or does jeopardize any licenses, permits or similar approvals required by MGM Resorts International to conduct its business or (b) we or any members of our Group are not conducting our respective businesses to meet the standards set out in U.S. federal and state laws regulating corruption, money laundering and the financing of terrorism or complying with the standards of U.S. state gaming laws and regulations applicable to MGM Resorts International.

The Branding Agreement specifically acknowledges that the use of the Subject Marks is critical to the success of the business of our Group, given that they are integral to our Group's corporate identity. It is therefore only terminable by MGM Branding and Development Holdings in circumstances involving a breach on our part, and in particular where the activities of our Group may impact its own or the wider MGM Group's business interests as a result of resulting regulatory action taken under relevant gaming laws and regulations to which any of them are subject. The Branding Agreement is not terminable prior to the end of its term at will or on notice by any party. In order to further assure our Company of uninterrupted use of the Subject Marks, our Company has a right to enter into a direct license in respect of the Subject Marks with MGM Resorts International, and MGM Resorts International is obliged to enter into such direct license with our Company, in the

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event that the Head License or the Sublicense are terminated for any reason other than in circumstances involving a default by the Company under the Branding Agreement.

We have agreed in the Branding Agreement that, in addition to any expansion of MGM Macau, any future resort and casino projects or sites we may develop in the Restricted Zone will use the MGM brand. It is a common practice that intellectual property licensing fees are charged and payable based on a certain percentage of gross revenue. Given the significance of the Subject Marks to our Group's business, the need to secure the right to use such trademarks and service marks during the term of the Subconcession is considered to be of critical importance to our business following the Listing. The basis of calculation of the license fees has been agreed based on an evaluation of a sampling of the intellectual property licensing fees charged by comparable market peers where the license fees payable under their respective license agreements fell within a range of 1.5% to 3.0% of gross revenues. Based on these comparables, the license fee is calculated separately for each resort and casino property managed or operated by us. The license fee for MGM Macau is calculated on a basis equal to 1.75% of our consolidated gross monthly revenues (determined in accordance with IFRS) and is subject to an annual cap of US\$25 million for the calendar year 2011. This annual cap will increase by 20% for each subsequent calendar year during the term of the Branding Agreement. We will disclose in our financial statements included in our interim and annual reports to be issued after Listing, the basis of the calculation of the license fee and the license fees paid during the same period.

Any change to the basis of calculation of the license fee and any material terms will be subject to the approval of our independent Shareholders unless the Branding Agreement is no longer non-exempt continuing connected transactions requiring independent shareholders' approval under the Listing Rules.

License fees of MGM Macau

<u>Period (for the year ended)</u>	<u>Annual cap (US \$)</u>
December 2011	25,000,000
December 2012	30,000,000
December 2013	36,000,000
December 2014	43,200,000
December 2015	51,840,000
December 2016	62,208,000
December 2017	74,649,600
December 2018	89,579,520
December 2019	107,495,424
December 2020	128,994,509

In the event that we open additional properties during the term of the Branding Agreement, the amount of the annual cap will also increase by US\$20 million during the calendar year in which the relevant property is opened for business (the "**Additional Property Cap Increase**"). The Additional Property Cap Increase will also apply to subsequent calendar years, and shall also increase at the rate of 20% per year.

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License fees of any additional property

<u>Period</u>	<u>Annual cap (US \$)</u>
1	20,000,000
2	24,000,000
3	28,800,000
4	34,560,000
5	41,472,000
6	49,766,400
7	59,719,680
8	71,663,616
9	85,996,339
10	103,195,607

Note: The above assumes, for illustrative purposes, that the additional property opens on January 1, 2011 and has the right to use the Subject Marks for approximately nine years under the initial term.

MGM Resorts International is our controlling shareholder. Pansy Ho is our substantial shareholder. According to the Listing Rules, MGM Resorts International, MGM Resorts International Holdings, New Corporate Enterprise and Pansy Ho are connected persons of our Company. As such, the Branding Agreement will constitute continuing connected transactions of our Company pursuant to Rule 14A.14 of the Listing Rules.

The Branding Agreement shall remain in effect for a term of approximately nine years commencing on the Listing Date and ending on March 31, 2020, which is co-extensive with the term of the Subconcession.

At the end of each financial year, the independent non-executive Directors will review the transactions under the Branding Agreement for the purpose of stating in the annual report and accounts whether they have been entered into (1) in the ordinary and usual course of business of our Group; (2) either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to our Group than terms available to or from (as appropriate) Independent Third Parties; and (3) on terms that are fair and reasonable and in the interests of our Shareholders as a whole.

Based on the above, our Directors, including our independent non-executive Directors, are of the opinion that a term exceeding three years is required for the Branding Agreement, that the term of approximately nine years, coupled with the termination provisions, is beneficial to our Group, and confirm that it is normal business practice for contracts of this type to be of such duration and further confirm that the non-monetary annual caps are fair and reasonable to the Company and the Shareholders as a whole and that they consider that such rate is not worse than the rate that could be obtained by our Company under a license granted on normal commercial terms or under similar license agreements made with independent parties. The Joint Sponsors are also of the view that a term exceeding three years is beneficial to the Company, and that it is normal business practice for contracts of this type to be of such duration.

APPLICATION FOR WAIVERS

Our Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions described above are expected to continue on a recurring basis after Listing, have been and shall be entered into on normal commercial terms, in the ordinary and usual course of business of our Company, are fair and reasonable and in the interest of the Shareholders as a whole and will be so in the future, and the transactions and proposed annual caps set out above are fair and reasonable and in the interests of our Shareholders as a whole. Pursuant to Rule 14A.42(3) of the Listing Rules, we have applied for the continuing connected

CONNECTED TRANSACTIONS

transactions as referred to in paragraphs 2 to 5 above to be exempt from strict compliance with announcement requirements. Our Company will comply with the relevant requirements of Chapter 14A of the Listing Rules, including Rules 14A.35(1), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40.

In relation to the Branding Agreement, our Directors consider that it would not be appropriate for the agreement to be subject to, among other things, the announcement and independent shareholders' approval requirements of the Listing Rules. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver pursuant to Rule 14A.42(3) of the Listing Rules from strict compliance with the applicable announcement and independent shareholders' approval requirements under the Listing Rules for a term which will expire on March 31, 2020. The waiver will be for a fixed period from the Listing Date through and including March 31, 2020, and such period will not be reduced or extended regardless of whether there is a change to the term or the nature of the Subconcession Contract. The waiver will not be automatically extended beyond March 31, 2020 unless permitted under the then-applicable requirements of the Listing Rules.

The Intellectual Property Rights are important to our business and if we lose those rights, including the right to use the "MGM" brand name, it would cause severe disruption to our business and have an adverse effect on our business, financial condition and results of operations.

Our Company confirms that for the purpose of Rules 14A.37 and 14A.38 of the Listing Rules, all the relevant contracts in relation to continuing connected transactions in the relevant years as disclosed above are available for review by the independent non-executive Directors and auditors of our Company. Our independent non-executive Directors and auditors will check whether the relevant continuing connected transactions are entered into in accordance with the terms and pricing disclosed in this prospectus and will disclose their confirmation annually in accordance with the requirements of the Listing Rules.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors are of the view that the non-exempt continuing connected transactions described above have been entered into in the ordinary and usual course of business of the Company, are on normal commercial terms, fair and reasonable and in the interests of the shareholders of the Company as a whole, and that the proposed annual caps for these transactions referred to in "— Non-exempt Continuing Connected Transactions" in this section are fair and reasonable and in the interests of the Shareholders as a whole.